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That's enough to give you a general idea of the contents of the July issue of The Employers' Pioneer the house organ of The Employers' Group.

The Employers' Group includes, the world's pioneer in liability insurance, The Employers' Liability Assurance Corporation, Ltd., The Employers' Fire Insurance Company and the American Employers' Insurance Company.

If you would be interested in looking over a copy of the July issue of The Employers' Pioneer, you may obtain one, without any obligation, by addressing your request to the Publicity Department, The Employers' Group, 110 Milk Street, Boston, Mass.

THE EMPLOYERS' GROUP

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Practically every kind of insurance except life, including fidelity and surety bonds.



THURSDAY, JULY 18, 1935

Great American Insurance Company New York

INCORPORATED • 1872

W. H. KOOP, President



OLD FASHIONS AND NEW

We can properly be proud of being old fashioned

In the soundness of the company's underwriting policy;
In its friendly consideration for agents and their needs;
In its adherence to every rule of correct practice;
In its unquestioned financial standing,

Yet feel an even greater measure of pride in that

The company's well proven policies have always been
so easily adapted to the requirements of the day.

Today's business needs are not those of a few years ago.

NEW IDEAS must develop; new methods are needed,
but the basic principle of fair dealing with agents and
policyholders can never change.

WESTERN DEPARTMENT

310 South Michigan Avenue :: CHICAGO, ILL.

C. R. STREET, Vice President G. D. GREGORY, Secretary

The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

Thirty-Ninth Year—No. 29

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, JULY 18, 1935

\$4.00 Per Year, 20 Cents a Copy

Insurance Lawyers Hold Meet in West

American Bar Association Section's Annual Gathering Is in
Los Angeles

COMMITTEES IN REPORTS

Judge W. L. Ransom of New York
Considered Favorite for President
Succeeding F. C. Haymond

By F. E. DUDLEY

LOS ANGELES, July 17.—With the address of welcome by H. F. Risbrough, deputy commissioner of California, in the absence of Commissioner S. L. Carpenter, Jr., the third annual meeting of the insurance section of the American Bar Association opened here, with Chairman F. C. Haymond of Fairmont, W. Va., presiding. Mr. Haymond emphasized the value of the opportunity to meet, compare, discuss and criticize freely such legislative trends and methods of law administration as seem to suggest or require consideration and comment. The discussions and resulting actions are of great value to the legal profession and public generally, he said.

J. E. Coleman, Milwaukee, chairman of the special committee on membership, reported increased membership, stating there are probably 5,000 lawyers in the United States qualified to become members of the section.

Accident and Health Report

F. E. Spain, chairman committee on health and accident insurance law, spoke briefly on the subject of fraudulent claims and investigation by the committee of the value of the motion picture camera in such work. V. J. Skutt, Mutual Benefit Health & Accident, Omaha, followed with an address on rescission of policies in equity for fraud, stressing the desirability of careful consideration of the application of the rules of equity in defeating fraud in procurement of policies.

H. D. Brown, Detroit, chairman committee on automobile insurance law, reported the committee was submitting for approval a revised draft of the standard automobile liability policy.

Adlai H. Rust, general counsel, State Farm Mutual Automobile, Bloomington, Ill., discussed automobile liability insurance trends, pointing out that all faults inherent in the present common law system of adjusting and adjudicating claims for injuries or damages are magnified under the compulsory insurance law. Reference was made to various plans under consideration to show that the subject is receiving attention, even though no satisfactory solution has been found. Any condition, he said, that in a single year accounts for the loss of 36,000 lives, almost a million injured,

(CONTINUED ON PAGE 5)

Some Observations on the Commissioners' Gathering

By C. M. CARTWRIGHT

These annual gatherings of the National Convention of Insurance Commissioners may not be fruitful of many accomplishments but they serve a very desired end. Where the entertainment is featured, all get in a spirit of play. This is particularly true out in the Pacific Coast country with such diversified scenery and awesome aspects of nature.

The commissioners have a three fold constituency, the people, the producers and the administrative insurance people. They must therefore take an impartial and comprehensive view of their domain. The supervising officials can not get away from the personal side of insurance—the people in it. It is after all a very personal business, involving the welfare of millions. These annual pilgrimages accentuate that personal element.

Affords Opportunity to Get Acquainted

These gatherings furnish an opportunity for the commissioners to become acquainted with one another, with the insurance organization people, company officials and agents. It enables also the insurance men to come in contact with one another. In their own gatherings they meet with those of their special class. Here all come together—life, fire, casualty, marine—mutual and stock—fraternal and old line—reciprocal and incorporated—assessment and legal reserve. It is the one insurance platform on which all stand on a basis of equality. The various groups have a chance to meet in the hotel lobby, in the rooms, on the sight-seeing trips. It is when one is off the reservation, so to speak, that he gets better acquainted with his fellows. In the more strenuous business sessions at the New York meetings in December, when all entertainment is tabooed, the personal contact and the opportunity for the expression of fellowship are lacking. It is on these annual jaunts that close ties are formed and good will developed. Therefore I have no sympathy with the cynics who sneer at these annual conventions and call them "junkets." They serve a very definite purpose. They bring the supervisors and supervised into a more sympathetic relationship. They open the way for us all to know this country better.

Changes in the Membership

This meeting was unusual because of the great political cataclysm which swept so many commissioners out of office. There are some 24 new officials. It is unfortunate that in our political scheme, those who have gotten their bearings and who have become particularly useful and efficient, are catapulted out of office just at a time when they are reaching the point of highest value to the public. In this respect our Canadian friends have the advantage for their insurance superintendents have the opportunity of continuing in office and thus growing in stature.

We miss in the business deliberations

of this body such men as Dunham of Connecticut, Thulemeyer of Wyoming, Olness of North Dakota, Brown of Massachusetts, Garfield Brown of Minnesota, Van Schaick of New York, Gauss of Michigan, Pope of Texas—for they were worth while and conscientious. After all this body of insurance commissioners, taken by and large, is truly representative and is composed of men of parts and intelligence. As in all other organizations there are self-seekers, those who want to publicize themselves—but as a class they are a credit to our country.

Some Old Timers at Hand

Despite the decimation, there were enough of the holdovers to guide the ship of state. Boney of North Carolina, Read of Oklahoma, Sullivan of Washington, Gough of New Jersey, Cochrane of Colorado, O'Malley of Missouri, Palmer of Illinois, McClain of Indiana, Mortensen of Wisconsin, Smith of Utah, all at the meeting, constituted the chief holdovers. Julian of Alabama occupies a peculiar role. He is also an "old guarder" but after he served as commissioner some time ago he was for a number of years afterward an insurance company official but he maintained his relationship with the organization by joining the third house and adding to his stock of rare Negro stories. Daniel of Texas, life insurance commissioner, who succeeded the towering and oratorical Tarver, was a former commissioner but he was lost in the shuffle so far as the convention was concerned until he hove in sight with his second appointment. He becomes a factor in the convention because of his former experience. It must be said of Alabama that Greer made a very good record but everyone greets "Uncle Frank" with open arms on his return to his old throne.

New Faces at the Convention

We were all curious to measure the new commissioners and because of their number it was no easy task. Of the novitiates, I should say that Pink of New York, Blackall of Connecticut, Carpenter of California, Bowen of Ohio, Ketcham of Michigan will become very influential. It was unfortunate that De Celles of Massachusetts was not on hand nor Reed of Kentucky. The latter joined the party at Chicago July 4 on a day of gayety so his stature would not really be measured. He returned home after that day.

Of the less new officials Smith of Utah, Tobin of Tennessee, Mauk of Texas, Holmes of Montana, Gentry of Arkansas, Marshall of District of Columbia, Bowles of Virginia and Sullivan of Washington have to be reckoned with.

It is to be deplored that the brand new Mississippi commissioner, J. H. Johnson, will only serve until Jan. 1, he stipulating that he must retire then. He is one of the foremost local agents

(CONTINUED ON PAGE 12)

Applecart Upset at Seattle Meet

Far Western Commissioners Led
the Revolt Against the
East

SULLIVAN IS VICTORIOUS

State Officials Veered Strongly Toward
the Right in Federal Interference
and Control

OFFICERS ELECTED

President, W. A. Sullivan, Washington.

First Vice-president, Ernest Palmer, Illinois.

Second Vice-president, G. A. Bowles, Virginia.

Executive Committee Chairman, Louis H. Pink, New York.

Executive Committee, S. L. Carpenter, California; A. J. Ham, Wyoming; H. E. McClain, Indiana; H. H. Earle, Oregon; C. A. Gough, New Jersey; U. A. Gentry, Arkansas, and J. C. Blackall, Connecticut.

Secretary, Jess G. Read, Oklahoma.

There was a complete upset in the election at the annual meeting of the Insurance Commissioners Convention at Seattle, the slate agreed upon by those on the special train going out from Chicago being completely shattered. It was the plan to reelect Dan C. Boney, president and promote C. A. Gough of New Jersey from chairman of the executive committee to the first vice-presidency, allotting Sullivan of Washington the second place and putting Palmer of Illinois as chairman of the executive committee.

The insurrection started among the far western commissioners headed by Sullivan of Washington. There was a general revolt of the west against the east. The feeling prevailed that the westerners had not been recognized in committee appointments or other honors and they had not been given sufficient representation in connection with examinations. There was a general feeling that the eastern companies had too much to say and were trying to dominate the western brethren. There were a number of caucuses in the early part of the week and the Pacific Coast momentum gathered strength. Hunt of Pennsylvania joined with the revolutionists as did Tobin of Tennessee and some other commissioners.

Resentment Was Felt

Another factor was the resentment of the Pacific Coast commissioners and some others that nothing was being done to curb unauthorized companies, chiefly mutual benefit assessment concerns that are raiding almost every state. The westerners declared that commissioners of some of the more

(CONTINUED ON PAGE 25)

Bennett Suggests How to Attack Auto Finance Line

GIVES TALK IN LOS ANGELES

Combination of Local Agent, Automobile Dealer and Local Banker Is Making Inroad

LOS ANGELES, July 17.—The address of Walter H. Bennett, secretary of the National Association of Insurance Agents, before a special meeting of the Los Angeles Insurance Exchange today was devoted entirely to the question of insurance on financed automobiles. He suggested that the most effective method to retrieve for the local agent insurance on these cars is through a joint movement on the part of agents, automobile dealers and banks in the various cities.

Mr. Bennett pointed out that finance companies today are buying with other people's money, huge blocks of insurance, at a substantial profit to themselves. Premiums involved amount to about \$30,000,000.

Coercive Power of Credit

Involved in these transactions is the evil effect of the coercive power of credit. If a finance company or its agents were paid only a fair salary corresponding to the service rendered, these concerns would immediately withdraw from the insurance business. They are engaged in insurance because there is involved an enormous sum of money because of the mass buying of insurance on a wholesale basis.

Mr. Bennett said there is no complaint where the insurance on a block of finance business is handled by a legitimate agent.

In view of the anti-discrimination laws, the companies are not able to cut the rate on finance business but they do the same thing by paying commissions running as high as 50 percent.

Mr. Bennett said little is to be gained by merely exhorting the companies to return the business to agency channels. The finance companies care little for the agents.

Remedy Is Suggested

One remedy is to cause the resurrection of the regulations of the National Automobile Underwriters Association and the casualty acquisition cost conference against the appointment of automobile dealers, garage proprietors, etc., as agents.

Mr. Bennett said to utilize idle money in the bank, in the deferred payment business, if it can be tied in to an insurance agent's operation, would be an undertaking well worth investigating. This involves a local board operation and a contact with automobile dealers, who could be educated to the advantage of buying and selling at home. The local automobile dealers are not beyond the reach of the insurance agents. They are susceptible to the good will idea.

Mr. Bennett pointed out that much has been done to retrieve the business for local agents in Kansas City and he said the national finance companies are very much concerned about the developments in that city. The proposal has been advanced by the finance companies to accept insurance from the agent in Kansas City if the buyer so desired, providing the agents would cease their local finance and insurance campaign.

Must Pay Return Premiums

The Hartford board of contracts and supply has adopted a regulation providing that agents participating in commissions on city business, who fail to make necessary adjustments in returning premiums, will be disqualified in the future from sharing in the city business.

U. S. Chamber President to Address Agents Meet

NEW YORK, July 17.—Harper Sibley, president Chamber of Commerce of the United States, will be on the program at the annual convention of the National Association of Insurance Agents in Rochester, Sept. 21-24. One of the best known and most successful business men, he is a lawyer by profession and for years has been the directing head of the great Sibley estate. His hobby is farming and raising fancy stock. He owns extensive farms in various sections of this country and in Canada.

Another speaker will be J. A. Marshall, superintendent of insurance of the District of Columbia.

Pacific Board to Protect Against Outsiders' Inroads

SAN FRANCISCO, July 17.—The Pacific Board is putting into effect at once an unusual competitive measure in order to protect member companies against formidable outside encroachments. A member shall have the privilege to write through a clear agent or a certificated broker at such rate as it deems advisable, its policy replacing for no greater amount any policy which may have been placed by another clear agent or certificated broker in a company not a member of the board. The same privilege shall be given to any member company to replace any policy of a member company written in violation of board rates and rules. This competitive rule dates back to June 30, 1932. It will give a company the privilege of holding its business against outside attack and moreover it will put it in the position to regain lost lines as far back as 1932. This applies to all classes of hazards over which the board has or may assume jurisdiction except automobile business and sprinklered risks.

Mutuals' Annual Meeting to Be in Des Moines, Oct. 7-10

DES MOINES, July 17.—W. A. Rutledge, former president and one of the founders of the National Association of Mutual Insurance Associations, has been named general chairman for the 40th national convention of the association and the 19th annual convention of the Federation of Mutual Fire Insurance Companies, here Oct. 7-10.

Commissioners Shy From U. S. Hand in Liquidations

FAVOR UNIFORM STATE LAWS

Convention Voices Disapproval of Plan to Use Federal Bankruptcy Procedure or Federal Courts

The special committee on interstate liquidation and reorganization of insurance companies was instructed by the National Convention of Insurance Commissioners at the annual meeting, to arrange for the drafting of a uniform state law on liquidation, rehabilitation and conservation and to make a report at the December meeting of the commissioners' convention in New York.

A special committee of which Louis H. Pink, New York superintendent, is chairman, voiced opposition to the idea of having recourse to national bankruptcy legislation or to federal court procedure, so as to avoid conflict and confusion among the states. However, the committee stated it was impressed with the inadequacy of present methods and made the statement that the attempt to wind up an insurance company under many different laws subject to many different independent courts resembles dismemberment more than it does orderly liquidation.

Challenge Is Seen

The situation, according to the committee, challenges the friends of state supervision and this should be accepted and met by an aggressive and definite program for the strengthening of state supervision in the handling of delinquent companies.

For many years, the committee reported, it has been customary to liquidate delinquent companies in the state courts. Occasionally there have been conflicts of jurisdiction between state and federal courts. The frequency of such conflicts has increased recently. Creditors are always losers because of the delay and legal expense. Under present methods, the winding up proceedings are conducted by as many independent agencies as there are interested states which choose to take part.

The committee referred to the decision of the United States Supreme Court in *Clark vs. Willard*, 55, Sup. Ct. 356 (1935), to the effect that assets of delinquent companies found within jurisdiction of a certain state may be disposed of in accordance with the laws of that particular state. It is obvious, the committee points out, if a dozen

(CONTINUED ON PAGE 25)

Vigorous Action Is Needed to Limit Cigarette Losses

OFFERS FRAUD POSSIBILITY

Deductible Form or Exclusion Except for Extra Premium Suggested to American Bar Association

Although the weight of court decisions on cigarette scorch claims is clearly against holding a fire insurance company liable unless the two vital elements of accidental combustion accompanied by visible flame or glow are present, these claims, unless vigorous action is taken, will continue to afford unlimited opportunity for petty fraud and will remain an annoying and troublesome problem involving either expensive litigation or an increasing amount of claim payments, Sidney Clifford of Providence, R. I., member of the committee on fire insurance law of the insurance law section American Bar Association, stated in a paper prepared as an appendix to the committee's report at the annual meeting in Los Angeles this week.

One Solution of Problem

A suggested solution, he said, is that an endorsement be placed on the standard policy to the effect that losses up to \$50 or \$100 caused by lighted cigarettes will not be paid. These losses could be entirely eliminated, he said, except if an additional premium should be paid. Unless something is done the situation will harass fire underwriters chiefly because of the trivial amount of the particular loss and the large number of such losses creating a considerable drain on fire companies.

It is clear, Mr. Clifford said, that a cigarette when lighted by the smoker for its normal intended use is not a fire within the terms of fire insurance policies because it is intentionally lighted. Accordingly any damage such as scorching of property caused by cigarettes is not damage caused by accidental fire or by fire within the meaning of the fire policy. In case a second fire comes into existence from the fire in the cigarette, one that is not intentional but accidental, the second fire is one coming within the scope of the fire policy. The real difficulty, however, is to determine the question of fact whether a second or accidental fire existed and caused damage to the property insured.

Rests on Question of Fact

This very question has arisen in a great number of cases. It must be determined whether the burning cigarette ignited the insured property so there was accidental combustion accompanied by visible flame or glow. The difficulty experienced in determining such fact is usually increased because damage is not discovered until the cigarette placed on table, furniture or other property burns out, and the only way of determining is by examining the damaged property. This is not difficult with a table or other furniture, but the issue is problematical in case of a lace curtain, dolly or some other combustible object. It is quite probable, Mr. Clifford said, that no matter how one court may decide a particular case, the decision will be of little use in another case based on similar facts until it is definitely determined whether or not the damage was done by a secondary or accidental fire.

If each case is to turn on a close question of facts, he said, the opportunity for fraud is at once apparent. It is very easy to have an insurance company pay for a piece of furniture by "accidentally" causing damage to it by a lighted cigarette.

Working on U. & O. Revision

The Texas board of insurance commissioners is reported to be working on adoption of a revised use and occupancy form.

THE WEEK IN INSURANCE

Far western revolutionists upset the prepared slate of officers at the annual meeting of the National Convention of Insurance Commissioners and W. A. Sullivan of Washington becomes the new president. **Page 1**

Complexion of the National Convention of Insurance Commissioners, as revealed at its Seattle meeting, is analyzed by C. M. Cartwright. **Page 1**

Matter of insurance on Catholic church properties occupies main attention of agents of upper peninsula of Michigan at their annual meeting. **Page 4**

National Convention of Insurance Commissioners opposes federal government taking a hand in curbing unauthorized insurance and decides to leave the problem to a committee of the convention. **Page 3**

Resolution is adopted by National Convention of Insurance Commissioners condemning the practice of grouping or rating of insurance companies. **Page 3**

Implications of the movement in Missouri that would require adjustments to be handled by lawyers are being studied carefully these days. **Page 27**

W. H. Bennett, in address at Seattle, predicts insurance commissioners and

insurance leaders will not permit the unauthorized insurance problem to go forever unsolved. **Page 4**

National Convention of Insurance Commissioners favors uniform state legislation governing liquidation of insurance companies rather than including insurers in the federal bankruptcy act. **Page 2**

Washington rate situation is attracting much interest. **Page 4**

Standard automobile liability form presented at Los Angeles annual meeting of American Bar Association insurance law section; policy uniformity discussed. **Page 27**

Workmen's compensation committee of the Insurance Commissioners Convention criticizes companies on their methods. **Page 27**

Statutory and court made law granting too liberal benefits, creating indefinite risk, criticised by F. Robertson Jones in A. B. A. insurance section meeting at Los Angeles. **Page 27**

Bill in Massachusetts to eliminate guest cover under compulsory insurance law passes lower house. **Page 28**

Committee Action Is Decided Upon

Unauthorized Insurance Issue Before National Convention of Insurance Commissioners

OPPOSE THE HOBBS BILL

State Insurance Officials Fear That the Movement Will Lead to Federal Interference

The committee on unauthorized insurance of the National Convention of Insurance Commissioners met Friday morning at Seattle with Gentry of Arkansas presiding. In his report to the convention he said the committee recommended that it give special study to the unauthorized insurance subject and present at the December meeting some plan that might be followed without petitioning Congress.

The committee, he said, felt that Congressman Hobbs should be commended for his interest in the subject but the committee is certain his bill will not hit the mark. The committee, he stated, is vitally interested in the subject, appreciating the evil of unauthorized insurance and its magnitude. He said there are meritorious objections to the Hobbs bill. Mr. Gentry declared he felt like telling Congress to let insurance alone. Any action of Congress, he contended, might be an entering wedge and finally the federal government might supplant the state authorities. The states, he declared, can cope successfully with the issue in some manner.

Opposition to Commendations

Mortensen of Wisconsin and Palmer of Illinois both objected to any sort of commendation of Hobbs stating such action might be misunderstood. O'Malley of Missouri was emphatic in opposing any form of federal interference. The states, he held, can settle the question. At the executive session the expression of appreciation to Hobbs was stricken out.

At the hearing the resolution introduced by Marshall of the District of

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Commissioners' Convention Condemns Company Ratings

ADOPTS STRONG RESOLUTION

Memorializes Individual State Officials to Take Whatever Action They Deem Advisable

The National Convention of Insurance Commissioners at its annual convention in Seattle took positive action against ratings of insurance companies, not under departmental or other legal supervision. The Alfred M. Best Company of New York inaugurated a company rating system. This caused great embarrassment and loss to companies not in the "A" group. Other raters came into the field which further muddled the waters.

The committee on company ratings held a meeting during the week and presented its report to the convention in executive session. The committee consisted of McClain, Indiana, chairman; Daniel, Texas; Johnson, Mississippi; O'Malley, Missouri; Sullivan, Washington; Gough, New Jersey, and Heltzen, Rhode Island. The report was signed by McClain, Daniel, Johnson and Sullivan. It is as follows:

Careful Investigation Made

"Your committee has made a careful investigation of the question of ratings and comparisons between insurance companies which have been published by agencies not under departmental or other legal supervision and finds that such ratings and comparisons made without the supervision of state authorities are frequently misleading and inaccurate.

"Your committee further finds that agencies engaged in issuing such ratings and comparisons depend for their information upon published statements of the companies only, and cannot obtain the complete details of the companies' affairs that insurance commissioners obtain by regular, thorough and periodical examination.

"Your committee further finds that such ratings and comparisons have been widely used by unscrupulous agents to twist policies, to create excessive and unusual demands by policyholders for cash surrender values to the serious damage of many policyholders; that they have also been used to induce agents of one company to quit and join other companies, all of which has damaged the institution of insurance.

"Your committee further finds that

Another Favorable Fire Loss Record for June

NEW YORK, July 17.—Fire losses throughout the United States last month, the National Board reports, aggregated \$18,499,675; 12.89 percent less than those of May, and 7.53 percent less than the record of June, 1934. The addition of the June figures brings the total losses for the first half of the year to \$136,460,641, compared with \$158,064,520 suffered during the same period of 1934, and \$181,273,587 reported in the first half of 1933.

The record for each of the first six months of the years 1933, 1934 and 1935 is as here given:

| | 1933 | 1934 | 1935 |
|-------|---------------|---------------|---------------|
| Jan. | \$35,547,565 | \$28,002,583 | \$23,430,504 |
| Feb. | 36,661,481 | 31,443,484 | 25,081,625 |
| March | 35,321,248 | 31,312,359 | 24,942,703 |
| April | 27,825,970 | 22,028,943 | 23,267,929 |
| May | 24,338,714 | 25,271,459 | 21,238,205 |
| June | 21,578,609 | 20,005,692 | 18,499,675 |
| Tot. | \$181,273,587 | \$158,064,520 | \$136,460,641 |

during recent years there has been a rapid increase in agencies engaged in rating and comparing companies and we are apprehensive lest the opportunities for private gain to such agencies through offering better ratings in return for subscriptions, advertising contracts or other monetary considerations may cause the whole rating business to degenerate into a racket, unless all such rating and comparing is prohibited or is done under the same strict supervision by state authorities that the laws now impose on the companies themselves.

"Your committee believes in the widest publicity of statements of insurance companies because such statements are public documents and should be available to everyone. We favor the publication of all factual information pertaining to companies.

"Your committee condemns the practice of grouping, rating, comparing or recommending of companies by private agencies and recommends that each commissioner take such action in his own state as he believes to be in the interest of the institution of insurance and for the protection of the policyholders."

Montana Convention Set

The Montana Association of Insurance Agents will meet at Livingston, gateway city to Yellowstone Park, Aug. 1-2. Arnold Huppert is president of the association and J. W. Peterson, secretary.

Mortensen in State Fund Sales Talk

Wisconsin Commissioner Condemns Competition of State Is Perfectly Proper

McCLAIN IS ALSO HEARD

Indiana Commissioner Warns Against Spirit of Radical Reform That Would Revolutionize Insurance

Insurance Commissioner H. J. Mortensen of Wisconsin in his address on "State Insurance" before the annual meeting of the National Convention of Insurance Commissioners undertook to expound the La Follette policy, which is radical but not too radical.

"The progressive thought of Wisconsin is not radical," he declared. "It moves only with deliberation and in harmony with changed conditions of the times. No proposals of new methods for dealing with public problems have ever been advanced without first engaging the best minds available and making the most thorough investigation possible."

He devoted most of his discussion to the Wisconsin state fire insurance fund, which is an active, competitive instrumentality, and is out, at every turn, to wrest business from companies and agents.

Touches Lightly on Life Fund

He touched lightly on the Wisconsin life insurance fund which has never made much headway and he dismissed rather briefly the state public deposit fund, which undertook to guarantee bank deposits.

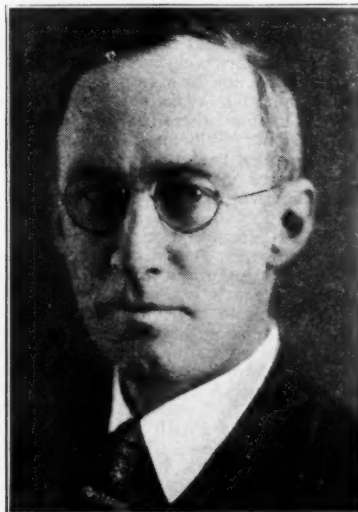
He went into the history of the fire fund and quoted the law governing it. He said it has been recognized as the outstanding plan of its kind in the country. He contended it is in healthy condition and clearly demonstrates that it is no longer an experiment. He explained how the rate, which is 51 percent of the bureau tariff, is arrived at. He said the fund has about \$135,000,000 at risk, insuring all state property, 30 counties, 88 cities, villages and towns,

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NEW OFFICERS AT HELM OF COMMISSIONERS' BODY



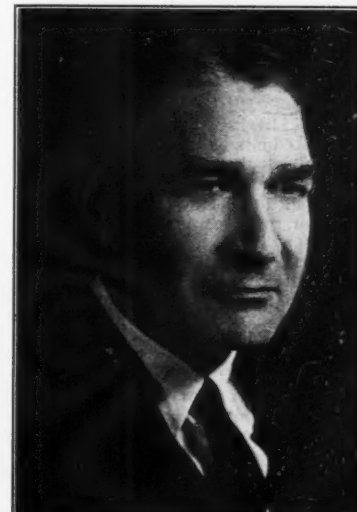
W. A. SULLIVAN, Washington
New President



ERNEST PALMER, Illinois
First Vice-President



G. A. BOWLES, Virginia
Second Vice-President



L. H. PINK, New York
Chairman Executive Committee

Agents of Upper Peninsula Discuss Church Insurance

MICHIGAN GROUP IN SESSION

Two Resolutions Adopted Prompted by
Capture of Catholic Line by
New York Broker

The recent capture by a New York broker of the insurance on the Catholic church properties in the upper peninsula of Michigan was the principal topic of discussion at the annual meeting of the agents of the upper peninsula in Blaney Park near Manistique.

The subject was broached during the floor discussion period over which Fred A. Roper of Menominee presided. He suggested a discussion of overhead writing and called upon George Brown, executive secretary of the Michigan Association of Insurance Agents.

The next annual meeting is to be held in Marquette and, accordingly, all of the new officers are from that city. The new president is P. W. Phelps; first vice-president B. L. York; second, C. E. Dolf; third, Jack Wright; treasurer, R. T. Peters, secretary T. M. Redmond.

Believes No Harm Done

Mr. Roper voiced the belief that if the agents could get a 10 percent countersignature commission, as they did in connection with the insurance on the upper peninsula properties, that they were not suffering greatly.

W. J. Sheahan, local agent of Manistique and prosecuting attorney of Schoolcraft county, took issue with that opinion and said the agents should not favor companies that indulge in overhead writing.

T. M. Redmond of Marquette expressed the belief that overhead writing is not a matter of more or less dollars of commission, it's a matter of principle. He contended the fundamentals of the agency system are involved and the existence of the insurance agent. He said if the present laws are not adequate to prevent countersignature, new legislation should be enacted.

Mr. Redmond presented a motion providing for a committee to seek the desired legislation at the next session and this was adopted.

Another Resolution Adopted

J. P. Old, Sault Ste. Marie, prevailed upon the membership to adopt another resolution providing for appointment of a committee of three to offer the services of the Michigan Association of Insurance Agents to the successor of Bishop Nussbaum in the surveying, rating and placing of coverage on the \$12,000,000 of Catholic church property in the upper peninsula. Mr. Old becomes chairman of that committee and he will appoint the other members.

The committee to seek legislation consists of Mr. Redmond, Mr. Douglass, C. G. Miller, Iron Mountain; Mr. Roper, J. T. Healy, Houghton, Mr. Old and Mr. Sheahan.

Mr. Redmond's resolution reads:

"Resolved that every step necessary be taken immediately to bring about a change in the writing of insurance on Michigan owned property by non-resident agents and brokers and that the Michigan Association of Insurance Agents be requested to bring about such legislation as will prevent the payment of commissions to non-resident agents or brokers on property so owned. Furthermore, we recommend the Michigan Association of Insurance Agents to secure legislation that will prohibit the signing of policies by special agents, branch managers and others occupying similar positions."

C. L. Smith of Manistique was chairman of the meeting and presided at the sessions. The welcoming talk was given by Mr. Sheahan. The response was by Mr. Redmond.

L. R. Morony, director of the state

Party of Commissioners Is Feted by Fireman's Fund

SAN FRANCISCO, July 17.—With President J. B. Levison as official host, the Fireman's Fund group entertained approximately 75 insurance commissioners, their wives and camp followers here Tuesday following the Seattle convention. After an excursion on one of San Francisco's fire boats, giving visitors an opportunity to see the construction on the two great bay bridges the party enjoyed a sightseeing trip and luncheon at Ocean Beach where Vice-president E. T. Cairns presided. Guests were also welcomed by Commissioner Carpenter of California. Joseph J. Magrath, New York department, responded for the eastern guests.

Dunham a Speaker

Mr. Cairns called upon former Commissioner Howard P. Dunham of Connecticut to "tell the commissioners what they should do in the next two or three years," to which Col. Dunham suggested that "the less laws we pass in our respective communities the better off we are going to be because it is not laws that make insurance companies. You cannot legislate honesty into any individual and you cannot make character by passing laws," after which he toasted Mr. Levison as "one of the best fellows in the world."

Assisting Mr. Levison and Mr. Cairns were: E. V. Mills, secretary-treasurer; Frank J. Agnew and Thos. F. Ryan, assistant secretaries, and S. W. Pierce.

motor vehicle department, gave an analysis of the financial responsibility act, after two years of operation. H. B. Corell, deputy commissioner, substituted for Commissioner J. C. Ketcham, who was in Seattle.

All members of the governing committee of the Michigan Association of Insurance Agents with the exception of A. W. Van Aken, Saginaw, were present and attended the session of that body the day before the upper peninsula meeting.

Among the headliners of the state association on hand were President J. A. Grow of Detroit, J. W. Mundus, Ann Arbor, C. B. Smith, Lansing, W. G. McCune, Petoskey.

As a result of the Blaney Park meeting the relations between the upper peninsula agents and those in the rest of the state are more closely cemented. All talk of organizing a separate association in the upper peninsula has subsided.

Petoskey to Be Recommended

The governing committee, at its meeting, decided to recommend to members that the fall meeting of the Michigan association be held in Petoskey, Sept. 30-Oct. 1, and that the membership of the board of governors be increased from eight to eleven and that two of the additional members be from the upper peninsula, thus giving the agents of that region three places on the committee instead of only one. The third place will go to the southern counties, giving them three seats instead of two.

There was some discussion of auto premium suspension during the winter months due to the fact that the upper peninsula winters are longer than those in the rest of the state. Chairman C. L. Smith appointed a special conference committee consisting of J. E. Clements, Baraga, J. P. Old, Jr., G. M. Cox, Iron River, W. J. Shinar, Manistique, and A. G. Goulais, Escanaba. That committee presented a resolution recommending that the matter of winter suspension under the collision provisions of the complete coverage form A automobile policy be investigated by the governing committee of the state association, and that the rating authorities be requested to grant suspension returns to those assured who lay up their cars during the winter. That resolution was adopted.

Washington Rate Situation Becomes Very Interesting

NEW LAW IS NOW IN EFFECT

Under the Measure No Deviations Can
Be Allowed Unless Justified
by Experience

SEATTLE, July 17.—The fire insurance situation in Washington takes on added interest because of the new law that went into effect July 1 known familiarly as Senate Bill 161. The Washington Insurance Agents League fought this measure but it was sponsored by Commissioner W. A. Sullivan and supposedly had the backing of the Northwestern Mutual Fire and the General of Seattle.

The league started a publicity campaign calling attention to the fact that under the terms of the measure the commissioner undoubtedly would force the companies to increase rates. The General and Northwestern Mutual Fire have a big lead on Washington business. Last year the General's premiums were \$761,632. The Northwestern Mutual came second with \$679,011. Between their figures and the companies in the next group there is a large jump. The Fireman's Fund had \$296,781 and the Travelers Fire came next with \$280,728. The Northwestern Mutual Fire pays 20 percent dividends and the General writes a participating policy in Washington refunding 20 percent to policyholders.

Create Strong Competition

These two companies therefore create strong competition. They are active all over the state, go out after large lines as well as small and employ all the facilities they possess to secure business. The General conducts an aggressive advertising campaign, it has directors who are prominent, uses the radio and sends out O. M. Thurber, head of its public relations department, to speak before business groups. The Northwestern Mutual also beats the brush everywhere in the state and attracts a large volume of business. Quite naturally, it is to the interest of these companies to have rates kept up in order to pay the 20 percent dividends without difficulty. When the Pacific Board companies filed a 30 percent deviation on all classes in Washington last year, it meant that the General and Northwestern Mutual Fire had to follow the same course and in addition pay the 20 percent deviation.

Gist of Regulation Bill

Commissioner Sullivan's rate regulation bill was supposedly intended to counteract the Pacific Board companies' action. It provides that a company cannot deviate from the regular bureau rates unless it has been operating in Washington for five years and can justify the reduction by its experience over that period. The Washington Insurance Agents League therefore argued that Commissioner Sullivan could force all the companies to return to the regular bureau rates and this publicity was quite effective in that certain amendments were made to the measure which render its interpretation rather ambiguous. However, the bill passed.

The first jump out of the box was the department's action on the Pearl, which desires to come into Washington and go after some of the big lines. The department would not allow the Pearl to file the 30 percent deviation because it has not had five years' experience in the state. C. S. Conklin, United States manager of the Pearl, two officials of the Monarch Fire of Cleveland, its running mate, and its attorney at Cleveland came to Seattle last week and were joined by A. L. Merritt of San Francisco, coast manager. It is possible that the Pearl will contest the constitutionality of this law. The best off-

Unlicensed Insurance Issue Won't Always Go Unsolved

BENNETT MAKES PREDICTION

Secretary of National Association Sees
Measure of Federal Cooperation Nec-
essary—Gives Seattle Address

By IRWIN MESHER

W. H. Bennett, secretary of the National Association of Insurance Agents, in addressing the special meeting of the Insurance Agents League of Washington in Seattle, expressed the belief that the insurance commissioners and the friends of properly conducted companies will not permit the problem of unauthorized insurance to remain unsolved indefinitely.

He said he does not favor federal supervision that will supplant or interfere with state sovereignty, but he contended there is a national union theory for the welfare of the people that can be applied to the business of insurance without doing violence to state rights. He said the attitude of insurance towards the idea of federal supervision has not always been consistent. The National Board was organized to invite federal control of the business, but subsequently there developed a fear of government control and for the last 25 years there has been a marked opposition to the theory of inviting the government even to assist the states in connection with those questions which the states are not equipped to handle.

It may be that in the future there will develop a cooperative movement on the part of Congress, with the states maintaining their sovereignty with reference to intrastate business, that will furnish a solution.

Over 200 agents and company men filled the dining room to overflowing and in addition to the feature address of Mr. Bennett, the gathering enjoyed the repartee exchanged by three visiting insurance commissioners and C. M. Cartwright, managing editor of THE NATIONAL UNDERWRITER, who had the crowd in a gay mood with his revealing introductions of Dan C. Boney of North Carolina, retiring president of the convention; J. H. Johnson of Mississippi, and Frank N. Julian of Alabama, the latter causing incessant ripples of laughter with his droll southern wit. Mr. Cartwright gave an account of the growth of the agency organization movement and praised the present executive committee of the National association, which he termed as the most capable in the organization's history.

George R. Thieme, chairman of the executive committee of the agents league, presided.

Mr. Bennett referred to the Hobbs' bill now before Congress to deny the use of the mails to unauthorized companies. That measure excepts from its operations certain religious, charitable and other associations not for profit. He said he was surprised to find some of

(CONTINUED ON PAGE 9)

hand legal opinion is that it is not constitutional.

The insurance people are speculating as to what Commissioner Sullivan will do. He can order all deviations removed until they are justified by the filing of five-year experience. If Commissioner Sullivan issues such an order and the companies are obliged to return to the regular bureau rates, undoubtedly this would be very embarrassing to the commissioner and would almost insure his defeat at the next election. In his campaign, Commissioner Sullivan gave assurance to the public that he would bring about the lowering of the rates. All hands therefore are watching the wind to see which way it will blow. The best guess is that the commissioner will not disturb the rate deviations, at least for a while.



The Home Fire & Marine trademark pictures a full-rigged ship entering San Francisco Harbor through the Golden Gate at sunset. In 1923 Postal authorities at Washington, D. C., adopted this trademark for the 20c stamp now in use.

Strength, Permanence and Stability

An agency connection with the Home Fire & Marine, founded in 1864, is an alliance with a company of unquestioned security and unfaltering service — security and service that rest on a firm foundation of strength, permanence and stability. From coast to coast, Home Fire & Marine has earned the confidence of the insuring public.

Fire • Automobile • Marine • Casualty • Fidelity • Surety

FIREMAN'S FUND GROUP

*Fireman's Fund Insurance Company
Home Fire & Marine Insurance Company
Occidental Insurance Company
Fireman's Fund Indemnity Company
Occidental Indemnity Company*

New York • Chicago • SAN FRANCISCO • Boston • Atlanta

"How Much Are Your Household Contents Worth?"

asks the Alliance national advertising for July. Pointing out that an inventory will answer that question and will show, at the same time, how much Residence Contents protection is needed—the advertising then tells readers to

"ASK THE ALLIANCE AGENT."



THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA

Head Office: 1600 Arch Street, Philadelphia

CHICAGO OFFICE:
209 W. Jackson Boulevard

SAN FRANCISCO OFFICE:
231 Sansome Street

NEWS OF FIELD MEN

B. V. Legg in New Position

**Michigan L. & L. & G. State Agent
Makes Connection With British General of Commercial Union Group**

B. V. Legg has been appointed Michigan state agent of the British General, one of the Commercial Union group, and will establish headquarters in Jackson. He is well known in the state, where he has been in business a number of years. Most recently he has been state agent of the Liverpool & London & Globe. The British General will be supervised independently. The operation of the other group companies will continue under the jurisdiction of State Agent H. M. Johnson and Special Agents G. C. Meehan and P. F. Hanley.

Gregory Heads W. Va. Pond

B. L. Gregory, Aetna Fire, was elected most loyal gander of the West Virginia Blue Goose at the annual meeting at White Sulphur Springs, following the mid-year meeting of the West Virginia Fire Underwriters Association. H. A. W. Happer, America Fore, is supervisor; G. K. Taylor, Aetna Fire, custodian; E. W. Chester, Crum & Forster, guardian; E. V. King, superintendent West Virginia Inspection Bureau, keeper, and Clark Buckingham, West Virginia Inspection Bureau, welder. Delegates to the grand nest meeting are Mr. Buckingham and J. E. Tetlow, Fireman's Fund.

V. K. Smith of the Norwich Union was elected vice-president of the West Virginia Fire Underwriters Association to take the place of R. M. Simmonds, who has been transferred by the Royal from West Virginia to Tennessee. State Fire Marshal Watkins gave a talk on the operation of his office.

Illinois Field Revamped

E. B. Heffran, special agent in charge of the northern half of Illinois for the American of Newark, has been given the title of state agent, with increased territory. He will be assisted by D. K. Dame as special agent. Both will continue to make headquarters in the western department office at Rockford.

John B. Tetlow continues as state agent for central Illinois, with headquarters at Peoria. H. W. Williams, special agent, formerly assisting Mr. Tetlow, has been given an independent field and will be in charge of southern Illinois, with headquarters in the Pierce building, St. Louis.

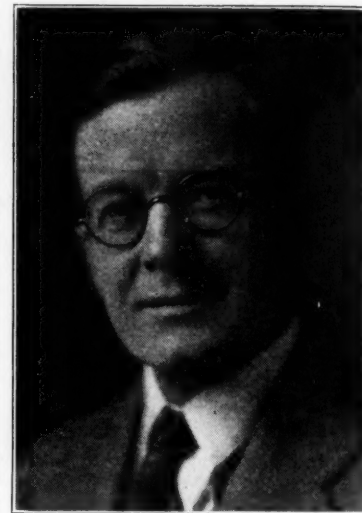
Lester Heads Arkansas Pond

James M. Lester, Arkansas Fire Prevention Bureau, was elected most loyal gander of the Arkansas Blue Goose at the annual meeting. J. K. Shepherd of the Shepherd & Co. general agency, Little Rock, becomes supervisor; M. M. Craven, Firemen's, custodian; J. V. Martin, Fire Companies Adjustment Bureau, guardian; W. G. Williamson, Gross R. Scruggs & Co., general agency, keeper, and R. C. Bird, American of Newark, welder. Delegates to the grand nest meeting are Mr. Lester and Mr. Shepherd with H. P. Latham, Aetna Fire, as alternate.

Holmes Announces Committees

Shelby Holmes, state agent American, president Kansas Fire Prevention Association, has appointed on the executive committee J. G. Updegraff, Royal; George Steeples, Home; C. E. Bailey, Crum & Forster; H. G. Yankee, Agricultural; Robert Hauck, North British, and C. W. Bean, America Fore. Other committee chairmen are: Scout, G. H. De Vries, New York Underwriters; speakers, Howard Searle, Crum & For-

Quits Field Post



JAMES A. BAWDEN

James A. Bawden has resigned as Indiana state agent of the American of Newark, severing a 16-year connection. He has been 23 years in the Indiana field, formerly representing the Security of New Haven and the Colonial Underwriters. Mr. Bawden has been a leader in the field organizations of the state, having served as president of the Indiana Field Club, Indiana Fire Prevention Association, Field Men's Relief Society and the Insurance Federation of Indiana and most loyal gander of the Indiana Blue Goose. In connection with the Insurance Federation he was general chairman of Indiana Insurance Day one year. He is now deputy most loyal grand gander of the Blue Goose grand nest for Indiana, Ohio and Michigan. After a brief vacation Mr. Bawden will announce his plans.

ster; fire waste, E. B. Fergus, Kansas Inspection Bureau.

Chapman Enters Agency Field

J. H. Chapman has resigned as special agent in Illinois for the America Fore group to enter the local agency business in Robinson, Ill. He has acquired the A. J. Goff agency of that city. Mr. Chapman has been connected with the America Fore since 1928 and is held in esteem by that organization.

Matthews, Meyer in Change

The National Ben Franklin Fire and the Superior Fire have transferred L. P. Matthews to Greater New York and C. C. Meyer succeeds him as state agent with Syracuse headquarters at 710 Onondaga County Savings Bank building. The transfer was made to relieve Mr. Matthews of the arduous duties of traveling.

McKnight with Security

H. M. McKnight, who has been with the Whitaker-Battelle Company agency in Los Angeles for 15 years, has disposed of his interests in the firm to become special agent of the Security of New Haven group in the Los Angeles metropolitan area. He succeeds L. M.

Field Position Wanted

Fire and or Casualty special with seven years field experience (Wisconsin) desires field position. Excellent agency connections. A-1 references. Ideal for company entering state.

ADDRESS B-100, NATIONAL UNDERWRITER

James, who has become manager of the Security General Agency, Salt Lake City.

Mr. McKnight entered the business with the Pacific Board in Los Angeles following graduation from Stanford University in 1914. After four years with the board he was appointed special agent of the Liverpool & London & Globe at Spokane. After army service he rejoined the Pacific Board in Los Angeles, one year later joining the Whitaker-Battelle Company.

Indiana Pond Annual Meeting

The annual meeting of the Indiana Blue Goose will be held in Indianapolis July 29, with a luncheon at the Indianapolis Athletic Club.

Dr. Stack Ohio Speaker

Dr. H. J. Stack, director of education National Bureau of Casualty & Surety Underwriters, addressed the Ohio Blue Goose and Ohio Fire Prevention Association at a luncheon in Columbus Monday.

Sanborn Handling Two States

Raymond Waldron, vice-president Detroit Fire & Marine, announces that E. R. Sanborn, who has been Wisconsin state agent for nearly five years, will temporarily supervise the company's business in Minnesota as well, maintaining both his Milwaukee office and the St. Paul office.

McIntosh With McDonald

The Fire Association of Philadelphia has appointed Townsend McIntosh special agent in northern New Jersey to divide that territory with R. A. McDonald. Mr. McIntosh has been at the head office and his new headquarters will be at Newark.

Northwest Meeting in Portland

The annual meeting of the Special Agents Association of the Pacific Northwest will be held in Portland, Ore., July 26. Charles F. Carlisle, special agent of the North America, Portland, has been appointed general committee chairman.

Field Notes

The Detroit office of the Great American group has been moved to 2378 National Bank building.

Members of the St. Louis Blue Goose enjoyed an outing on Dent Painter's farm July 13.

NEW YORK NEWS

DELEGATES ARE APPOINTED

A. J. Smith, G. W. Kern and E. Stanley Jarvis were named as delegates to the annual convention of the National Association of Insurance Agents at Rochester in September, at the quarterly meeting of the Association of Local Agents of the City of New York.

W. G. CROOKS IS HONORED

W. G. Crooks, superintendent of the reinsurance department of the Home of New York, celebrated his 50th anniversary with the company, July 15, the occasion being recognized by President Wilfred Kurth with the presentation of the company's gold service medal at a special luncheon tendered Mr. Crooks. When the latter started with the Home in 1885, 45 persons were employed at its head office; today the employees in the reinsurance department alone number 65. The first reinsurance arrangement effected by the Home was with the old United Fire Reinsurance, of which the late William Wood, later United States manager of the Palatine, was then manager. Subsequently treaty arrangements were effected with the North and the South German, Munich, Russia and other strictly reinsurance companies. The early drafts of agreements, prepared by Mr. Crooks, were

copied by the Hartford, National Fire and other important companies, when they too broadened the scope of their activities through the medium of reinsurance programs.

* * *

LUCAS NAMES COMMITTEES

Announcement is made by Julian Lucas of New York, president of the National Association of Insurance Brokers, of his committee appointments for the year. The chairmen are as follows: compensation, L. A. Wallace, New York; trend of commissions, H. E. Frost, Massachusetts; study of mutual

insurance, A. J. Gallagher, Chicago; discrimination against brokers, H. L. Heistad, Brooklyn; legislative, E. S. Litchfield, Massachusetts; membership, A. S. Schwartz, Chicago; professionalization, W. J. Mosenthal, New York; finance, T. W. Buckley, Bronx; publicity, J. A. Mudd, Jr., Chicago.

* * *

DECIDE ON E. U. A. FALL MEETING

Decision to hold the first fall meeting of the Eastern Underwriters Association in New York some time in September was reached by the executive committee.

W. C. Collins Heads Sixth District in Mississippi

HATTIESBURG, MISS., July 17.—W. C. Collins of Hattiesburg has been named president of the sixth district of the Mississippi Association of Insurance Agents. He was elected to succeed M. W. McLaurin of Laurel, who was recently elected state president. The district agents will hold their next session in Poplarville. They unanimously endorsed the candidacy of M. Shelby Pickett for insurance commissioner.

"What else can we tell you? . . .

We are faced with a peculiar problem and we want your help.

We are not looking for a lot of agents.

We do want to add a reasonable number of first grade agencies who support the best interests of the insurance business . . . with whom we can work to their advantage and ours.

Perhaps yours is such an office. If so, won't you tell us what else we can say to interest you? We have already discussed in these pages such factors as—

. . . the remarkable financial position with assets of \$4.73 to every dollar of liabilities.

. . . our methods of operation as a firm supporter of the American Agency System.

. . . our full cooperation with agents which goes even so far as to set a limit on home office correspondence and annoying requests.

. . . our constant search for new conveniences, as illustrated by our first introducing policies with carbon paper already inserted with the dailies.

What else can we tell you?—If you have any questions, please give us an opportunity to answer them . . . by personal call . . . by mail . . . or through some of our present agents in your own state.

We shall welcome a letter from you.

Empire State
Insurance Company
of Watertown, N. Y.

Every type of property insurance for industry and the home.

Insurance Lawyers Hold Meet in West

(CONTINUED FROM PAGE 1)

and an economic and social loss that cannot be measured in dollars, calls for an awakened public interest and presents a problem for which some cure must be found.

Chairman Haymond announced appointment of a nominating committee to prepare a slate of officers and two members of the council, the committee being C. H. Cashin, Wisconsin; J. W. Lebrunn, Philadelphia, and J. S. Lewis, Oklahoma. Two possibilities for president of the section were being prominently mentioned this week, Judge W. L. Ransom of Whitman, Ransom, Coulson & Goetz of New York City, and James M. Beck of Washington, former solicitor general, Judge Ransom appearing to have the better chance of selection.

In his report, J. A. Luhn, chairman standing committee on fidelity and surety insurance law, explained that the committee had definitely decided to discontinue any effort to sponsor legislation.

Joe Crider, Jr., president Los Angeles County Bar Association, spoke on "The Practical Side of Suretyship," covering

surety bonds and the basis for claims thereunder, with many cases cited from his own experience.

S. B. Shepherd, Raleigh, N. C., followed with a talk on "Contribution and Settlements" among sureties, which dealt with settlements growing out of relations of co-surety and cumulative liability, with reference particularly to conflict in decisions and a general lack of uniformity. He pointed out the need for cooperative effort to secure uniform legislation.

F. J. Hogan of Washington, D. C., was replaced on the program at the annual dinner the first day by G. J. Patterson, former president Florida Bar Association.

The federal interpleader bill prepared by Prof. Chafee of the Harvard law school and revised by the senate committee, is much broader in scope, Chairman A. G. Powell of the special committee on this subject reported. The bill passed the senate without opposition and is expected to pass the house. This measure relieves procedural obstacles which hitherto prevented federal

courts from giving relief in many cases in which their jurisdiction is the natural and only adequate one, owing to handicaps of inability to perfect service of process and to make necessary parties in the state courts in cases where claimants reside in different states.

Several papers were prepared by members of the committee on fire insurance law as an appendix to the committee's report. Among these were "Assured's Knowledge of Increase of Hazard," by H. M. Schell, Philadelphia; "Cigarette Scorch Claims" by Sidney Clifford, Providence, R. I.; "Application of Doctrine of Waiver and Estoppel After Occurrence of Loss," by H. O. Wolfe, Milwaukee, and "The Mortgage in Fire Insurance," by C. M. Smith, Chicago. Mr. Schell said the situation regarding his subject was unsatisfactory and should be cured, either by amendment to the standard policy or by legislation so a company would be relieved of the burden of proving that the assured knew of any increase in hazard, and that as a matter of equity knowledge as to condition and occupancy of his premises should be imputed to him.

The paper on "Waiver and Estoppel" was prepared so that underwriters and claims departments would be made aware of prejudicial actions which fre-

quently handicap their counsel in handling cases.

Report of the committee on amendments to the proposed insurance code showed a number of criticisms of this movement stirred up by an inquiry sent out by the committee. It was felt to be essentially unwise to stir up so controversial a matter with so many divergent and hopelessly conflicting opinions, and also that at the most the committee could help only by suggesting defects in existing insurance laws which might be cured by specific legislation. Some standing committees advocated abandoning any attempt to change the model code as a whole for fear efforts to secure adoption of a complete code would result in failure, or local amendment, which would be worse. It was felt a system of insurance laws differing fundamentally in the various states and probably much more drastic than those now in force, might result.

The committee recommended it be discharged or its functions changed to require it to consider general changes in insurance law. Chairman W. L. Clark reported. Thomas Watters, Jr., Des Moines insurance attorney, is vice-chairman.

Definition of "gross negligence" seems to have caused the most difficulty in suits involving injury to guests in automobile accidents, the special committee on automobile guest legislation reported. H. E. Rodgers is chairman. Other causes for which recovery is permitted under statute include wilful and wanton misconduct, intoxication, "intentional" and heedlessness or recklessness. Courts have found difficulty in properly interpreting the term "gross negligence" in states where degrees of negligence are not recognized and not applied. Wilful and wanton misconduct seems to have acquired uniform interpretation, being considered outside the realm of negligence.

The committee stated wilful misconduct means neither the sort of misconduct involved in any negligence nor the intent to do the act which constitutes the negligence. It implies at least the intentional doing of something either with a knowledge that serious injury is a probable result or with a wanton and reckless disregard of its possible results. The committee could find no guest act case where the term intoxication has been defined, nor has "intentional" been defined or applied. The committee prepared an appendix summarizing authorities in the various states.

Annual Dinner Is Held

The annual dinner was held Monday with a large attendance of members and guests. President Haymond was toastmaster and Roderic Olzendam, research director Metropolitan Life, delivered an interesting address on economic security legislation. Joe G. Sweet, San Francisco claims attorney for the companies discussed motion pictures as a fraud detector, illustrating with pictures. G. J. Patterson, Jacksonville, gave a talk in humorous vein.

Extension of workmen's compensation acts to occupational diseases is a subject of greatest present interest in the field, the committee on workmen's compensation and employer's liability reported. The committee has been investigating the problem during the last year, L. J. Carey and G. A. Schneider doing much of the work, but was unable to submit definite report and urged the study be continued, especially regarding legislation. Only in Mississippi is there neither a compensation law nor definite legislative attempt to secure one. Several legislatures considered occupational disease bills, Maryland and Michigan authorizing a commission to study the question, North Carolina passing a comprehensive act, West Virginia providing compensation for silicosis, New York passing a silicosis bill which was vetoed, then passing a blanket extension of protection to all O. D. cases; Nebraska adding several diseases peculiar to smelting or metal refining.

Legislation on security funds to guarantee compensation payments was another highlight of the year, rejected

ONE MINUTE TALKS WITH AGENTS—No. 4

I SING BECAUSE I'M HAPPY

This is the title of an old revival song and in "meetings" it was loaded with power to stir emotions to act. Revival meetings, sales meetings, selling reach success just in proportion to the enthusiasm radiated.

In Selling let's change the title to "I sell because I believe" and keep the same music and enthusiasm . . . and the same power of suggestion will work. It's bound to, for persons buying insurance like the confident and enthusiastic salesman.

So, to influence your prospects, get these thoughts embedded into your mind and actions by thinking of them continually until you really believe them and you will get a new conception of and devotion to service. Once you get that conception you will find it easier to convert your prospects, to their good and your benefit.

Many agents have gone to "meetings" of the GENERAL AMERICA COMPANIES, become enthusiastic, got converted and now sell "because they believe." May we place the facts before you?

W. H. Dent
PRESIDENT.



GENERAL INSURANCE COMPANY OF AMERICA
GENERAL CASUALTY COMPANY OF AMERICA
FIRST NATIONAL INSURANCE COMPANY OF AMERICA

SEATTLE

E. E. Cole, Jr., Manager,
Eastern U. S. Department
116 John Street, New York

C. W. Davis
Superintendent of Agents,
200 North Broadway, St. Louis, Mo.

risks also drawing much attention. Vigilance of employers and insurance companies headed off some impracticable legislation. C. F. Robinson is chairman of the committee.

Governor of Pennsylvania Approves Insurance Bills

HARRISBURG, PA., July 17.—Governor Earle has approved bills passed by the recent legislature making eight changes to the insurance department act of 1921. One brings title companies, fraternal, and beneficial societies within the provision of Section 502, thus permitting the commissioner to apply to courts of common pleas for liquidation orders for such companies.

Another measure prescribes the surplus of foreign mutual companies must be not less than the capital required of domestic stock companies.

It allows investment of capital and reserve of any insurer in debentures issued by the FHA and securities issued by national mortgage associations.

Another requires that the reserve for unpaid compensation claims shall not be less in any of the three years immediately preceding the date as of which the statement is made than the present value at 4 percent interest of the determined and estimated unpaid compensation claims under policies written during each such year.

Another provides the commissioner in his discretion may permit insurers to compute unearned premium reserve on pro rata basis instead of 50 percent on the fractional basis.

The standard fire policy law is amended to exclude auto and aircraft fire and fire resulting from riot or civil commotion.

The governor signed a bill empowering him to name a commission of nine to study the condition of ill persons, the information to be used as a basis for recommending ways and means for medical care of wage-earners.

As SEEN FROM CHICAGO

TENDER OF PREMIUM NOT NEEDED

Tender of unearned premium is not necessary to effect cancellation of a fire insurance policy, according to the holding of the United States district court, northern district of Illinois, in *Damen & Jarvis Building Corporation vs. Mechanics Insurance Co.*, decided by Federal Judge Barnes.

This case reaffirms the stand which the federal courts took in *Schwarzschild & Sulzberger Co. vs. Phoenix Insurance Co.*, 124 Fed. 52. Practically all state courts except those of Michigan, New Jersey, California and Texas have held otherwise, insisting on tender of premium. The plaintiff claimed under the decision of *Mutual Life vs. Johnson*, 79 L. Ed. 127, decided Dec. 3, 1934, that federal courts are bound to follow the decisions of state courts in the jurisdiction where the case arises. Judge Barnes, however, refused to follow this, distinguishing between the *Mutual Life* case and a number of earlier cases holding that insurance law is a matter of general commercial law and hence that federal courts are not bound by state decisions.

It is expected that the *Damen & Jarvis* case will be appealed. The *Mechanics* was represented by Silber, Isaacs, Clausen & Woley of Chicago, D. N. Clausen and H. W. Hirsch, of counsel.

BACK FROM FAR NORTH

J. A. McClelland, general adjuster in the western department of the Great American, has returned to his desk after being absent for a month on a romantic trip far into the northern part of British Columbia. With a party of four others he stayed in a cabin 190 miles north of Tacla Landing, which is the northern-most post of the Hud-

son's Bay Company. They used an airplane to get there. Mr. McClelland is interested in the mining possibilities in that region.

CONDOLENCE PARTY GIVEN

Members of the Western Loss Association were guests of the Western Adjustment and Underwriters Adjusting at a golf outing Tuesday of this week at the River Forest Golf Club near Chicago. This was in the nature of a condolence party, because the outing of the Western Loss Association at Freeport, Ill., last month was completely rained out.

VERNOR IS INSTALLED

R. E. Vernor, manager of the fire prevention department of the Western Actuarial Bureau, has now been installed as president of the Rotary Club of Chicago. He is the youngest man in point of years to become president of Chicago Rotary and the second representative of stock insurance interests to attain that honor.

Unlicensed Insurance Issue Won't Always Go Unsolved

(CONTINUED FROM PAGE 4)

these organizations were opposing the bill, as amended, on the ground that their institutions would not be accepted because they were being run for profit. He said religious institutions have descended to a low level when they want to impinge their operations on the insurance business and disregard insurance regulations. "It is such profiteers operating under a religious cloak that causes one to ponder what right any religious or charitable organization has

to engage in a business for profit that is so adequately, completely and properly served by our present well managed insurance companies."

The title of Mr. Bennett's talk was "The Fallacy of Foolishness." He said sometimes the state authorities do foolish things. He mentioned the New Mexico situation. In that state a law was passed requiring fire insurance companies to deposit \$10,000 in securities or file a surety bond. However, the state corporation commission decided that companies must file securities and could not file a surety bond.

The agents, he said, are sometimes guilty of foolishness. He mentioned the case of an agent who ran into competition on an automobile fleet and proceeded to have a new rate established loaded with only a 5 percent commission. He tried not to lose money and neglected the service. At the end of the term, the insured not having received proper service, offered the risk to another agent, but couldn't get it placed because the commission was only 5 percent. There can be no stability in the agency business unless the practice is in line with established and fundamental principles of compensation, he said.

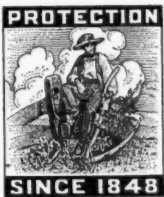
Walton with Union of Indiana

The Union of Indiana announces the appointment of Willis E. Walton as managing underwriter. Mr. Walton has had many years experience in the business, having been with the Travelers for several years.

Mallalieu to Go Abroad

W. E. Mallalieu, general manager National Board, and Mrs. Mallalieu will sail July 26 on the "Gripsholm" of the Swedish-American Line for a visit to Sweden, Norway, Finland and Russia, to be away until Aug. 28.

Siegrist & Kaufman, Hammond, Ind., has been incorporated by U. D. Siegrist, C. J. Kaufman and Charlotte M. Kaufman.



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NEWS OF THE COMPANIES

Pacific National Shows Gains

Increase in Premium Income, Improvement in Financial Setup in Semi-Annual Statement

SAN FRANCISCO, July 17.—Increased financial strength and a decided gain in premium income as well as steady expansion into new territory are shown in the semi-annual statement of the Pacific National Fire. Net premiums for the six months were \$778,787 an increase of more than 45 percent; assets \$4,651,622, increase 11 percent since Dec. 31; surplus \$1,631,663, increase of \$51,538; policyholders surplus \$2,881,663. Total reserves \$1,769,959, increase \$419,858, including \$1,411,700 reserve for unearned premiums.

Assets include United States government bonds \$1,078,882, increase \$31,836; cash \$337,186, total bond holdings \$2,526,977, 54 percent of total assets; common and preferred stocks, carried at market values as of June 29, 1935, \$1,360,447. Real estate carried on the com-

pany's books has been written down to a nominal figure of \$1.

The past year the company has established an eastern department in Philadelphia and on June 1 opened an office in Chicago. All its stock is held by Transamerica Corporation, of which the Occidental Life is also a subsidiary.

American States Is Forming Fire Company Running Mate

The American States Fire is being formed as a running mate of the American States, full coverage automobile company of Indianapolis, notice of incorporation having been published. Dudley R. Gallahue is president and Edward G. Gallahue secretary-treasurer. Other incorporators are K. F. Pantzer, S. C. Fish and E. P. Gallagher, Indianapolis attorneys, and Hilden Kiser and W. V. Wichterman, Indianapolis auditors. It is presumed that the new company is being formed to write automobile fire and theft in states not permitting full coverage to be written by

one company, which applies especially in the east. The American States has been showing a marked growth, increasing its net premium volume from \$472,900 in 1932, \$715,802 in 1933 to \$1,045,759 last year.

Pelletier General Adjuster

Joseph A. Pelletier has been appointed general adjuster of the Rhode Island at the head office to take over the duties of Benjamin M. Caruth, who has resigned. Mr. Caruth had the title of general loss adjuster and secretary.

Mr. Pelletier was located in Chicago for several years, first in the loss department of the Royal and then in the same department for the Northern of London.

Dividend Is Increased

The 4 percent dividend on the \$100 par value stock of the State of Pennsylvania, which has just been paid, is an increase of 1 percent over the semi-annual dividend paid in January.

South Dakota Mutual Licensed

The Globe Insurance Company of Huron, S. D., a mutual, organized to write fire, tornado and hail insurance, has been licensed by the South Dakota department. Incorporators are H. C. Shober, W. N. Farmer, E. C. McKenzie, C. Rauburn and D. M. Farmer, all of Huron.

The company is a virtual reincorporation of an older company, which got into difficulties a number of years ago by reason of hail losses, and was thrown into receivership. The receivership has never been dissolved, and the new company has now been formed to continue the business.

Franklin Fire Dividend

An extra dividend of 5 cents a share, together with the quarterly dividend of 25 cents, will be paid Aug. 1 to stockholders of the Franklin Fire of Philadelphia, a member of the Home fleet.

The Tennessee Mutual Automobile has changed its name to the **Tennessee Automobile**.

No Libel Action Against Dunne

SAN FRANCISCO, July 17.—James E. Dunne, publisher of the "Insurance Index" of Chicago, issued a statement here today denying the report that the A. M. Best Co. had sued his publication for libel. The only suit that has been brought, he asserted, is one charging him with infringement of copyright in getting out his new life insurance report. Publisher Dunne made bold to say that he had challenged Mr. Best to bring a libel suit in the April issue of the "Index" but Mr. Dunne claims that he has no fear of such a suit being brought.

Dallas Preventionists Elect

DALLAS, July 17.—The Dallas Fire Prevention Council has elected G. L. Boedeker president and Tom Monagan, formerly state agent Phoenix of England, vice-president, and Alfonso Johnson, secretary Dallas Exchange, secretary.

London Lloyds Deny Making Fire Insurance Drive Here

NEW YORK, July 17.—Brokers maintaining correspondents in Great Britain assert that stories appearing in the American press recently as to the reputed aggressiveness of London Lloyds in seeking direct fire lines here, are grossly exaggerated, quoting in support of their position letters from leading individual underwriters on the other side. Much has been made here, they assert, of the capture by London Lloyds of the \$7,000,000 or \$8,000,000 line covering Fordham University of this city, and of other property under its administration. As a matter of fact, brokers insist, this business has been written by Lloyds for the past ten years, and is one of the few direct lines taken by them.

London Lloyds was further reported to have quoted a very low rate on a Catholic educational institution in Michigan in the past month. Inquiry to underwriters across the water elicited the response that the story, in so far as they were concerned, was baseless. The contention of the Lloyds operators is that as the recipients of millions of dollars by way of reinsurance from American fire offices, it would be most unwise for them to seek direct business and thus alienate the companies of this country.

Mutual Field Men of Iowa Honor B. R. Jones at Outing

DES MOINES, July 17.—At the annual outing of the 1752 Club of Des Moines, honoring B. Rees Jones, president National Association of Mutual Insurance Associations, more than 100 were in attendance.

W. A. Rutledge, secretary Farmers Mutual Hail of Iowa, spoke briefly of the early days of the National association, of which he is a founder and past president.

Mr. Jones spoke on the development of mutual fire and casualty companies since 1752 when the first mutual was founded by Benjamin Franklin as the Philadelphia Contributionship.

Gus Scurlock, president of the 1752 Club, presided. Company executives present included J. A. Gunn, president Employers Mutual; Harry Gross, secretary Iowa Mutual Tornado; J. T. Sharp, president; C. M. Reed, vice-president, and H. B. Carson, secretary, Mill Owners Mutual of Iowa; Dave Milligan, president Western Mutual Fire; Ray Dodge, president, and C. F. Swanson, secretary Ace Mutual; L. T. Jones, vice-president Town Mutual Dwelling; Harold Evans, vice-president, and Wesley Johnson, secretary Allied Mutual Automobile.

James Roosevelt Makes Change

Insurance people were interested in the news that James Roosevelt, eldest son of the President, has left the insurance business to become president of the National Grain Yeast Corporation at Belleville, N. J. He stated that his name will remain in the insurance brokerage firm in Boston with which he has been connected, but that the work will be done by his partner.

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FUTURE TOGETHER ASSURING
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Minneapolis

W. A. Yoder

Minnesota

More or Less Weighty Observations at Seattle

The committee on resolutions at the meeting of the National convention of Insurance Commissioners in Seattle, consisted of Holmes of Montana, Gentry of Arkansas and Blackall of Connecticut.

* * *

The auditing committee was composed of Bowen of Ohio, Ham of Wyoming and Gough of New Jersey.

* * *

When Commissioner Read, in calling the roll, reached Utah, Commissioner Smith responded: "E. A. Smith, commissioner; A. B. Thatcher, chief examiner, and Mrs. E. A. Smith, director of the commissioner."

* * *

Commissioner O. B. Hunt of Pennsylvania addressed the Seattle Chamber of Commerce Friday noon on the "Economics of Abundance." He was introduced by Commissioner Sullivan of Washington.

* * *

The trip to Mt. Rainier Thursday was a huge success. The day was clear and the tall, snow-covered peak was visible for miles. There was an abundance of snow all around Paradise Inn, where luncheon was served.

* * *

J. F. Ramey, secretary Washington National of Chicago, and Mrs. Ramey and O. B. Hartley of Des Moines, vice-president Great Western, and Mrs. Hartley left Seattle on an Alaskan trip.

* * *

The prize winners at the Seattle golf tournament were H. G. Garrett, British Columbia; J. C. Ketcham, Michigan; R. Leighton Foster, Ontario; Hugh Earle, Oregon; H. P. Dunham, Connecticut; E. A. Smith, Utah; Ernest Palmer, Illinois.

* * *

Insurance Director Ernest Palmer of Illinois and Mrs. Palmer after attending the meeting at Seattle, have gone on a trip to Alaska.

* * *

D. A. McKee of Seattle, president Washington General Agency and a member of the local entertainment committee, was formerly cashier of the Royal Union Mutual Life of Des Moines in Chicago. He later became Seattle general agent National Life, U. S. A.

* * *

G. B. Avery, Washington department deputy, was a hard working man, as he had charge of the convention committee headquarters.

* * *

H. O. Fishback, Jr., assistant vice-president Northern Life of Seattle, was formerly actuary of the Washington department. His father was for many years commissioner. H. O. Fishback, Sr., made his last convention trip when the commissioners met in Dallas and Galveston.

* * *

A. H. Averill, who recently retired as Oregon commissioner, visited the convention.

* * *

Clare A. Lee, former Oregon commissioner, beat the tomtom at the Pamunkey ceremonial in most expert fashion.

* * *

T. S. McMurray, former Indiana commissioner, who has not been present at the convention for some time, was on hand this year.

* * *

A. L. Johnston of San Francisco, general manager West Coast Automobile Insurance Conference, the outsiders' organization, shook hands with old friends. He was formerly vice president of the Independence Indemnity and later the Public Indemnity.

* * *

G. W. Harsh of C. W. Sexton & Co., Minneapolis, stopped at the hotel, being on an automobile pleasure trip.

* * *

F. E. Chadwick of San Francisco, second vice president of the Firemen's group, joined Executive Vice President W. B. Rearden. Both are former Illinois field men. Mr. Chadwick at one time traveled in Michigan. Mr. Rearden was formerly assistant manager of the coast department.

* * *

Irwin Mesher of Seattle, executive secretary Washington Insurance Agents League and editor of its snappy house organ, "Washington Agency Bulletin,"

did yeoman service in entertaining. He is a young man of fine ability. He was formerly connected with the "Underwriters Report" of San Francisco. He had full charge of the agents' luncheon Friday in honor of Secretary W. H. Bennett of the National Association of Insurance Agents.

* * *

Fred Burns, prominent Seattle general agent and a well known reinsurance broker, who mingled with the crowd, is chairman of the Republican state committee.

* * *

W. L. Wallace, vice president Pacific National Fire, who attended the convention, left on a trip to Alaska.

* * *

Percy J. Perry, Seattle agent who helped on the entertainment committee, is a well known mountain climber. He belongs to the "Mountaineers," an organization of men who scale high peaks.

To Test Reece's Sanity

Tests will be made of the sanity of J. I. Reece, former Tennessee insurance commissioner whose prison term of three to 10 years for theft of bonds held on deposit for insurance companies was just affirmed and who was placed in prison July 6. Mrs. S. E. Reece, his mother, petitioned for the examination, which was granted by Dr. E. W. Cooke, commissioner of institutions.

Prepare for Fight on New Premium Tax in Nebraska

OMAHA, July 17. — It is understood here insurance men are quietly preparing to test the 2 percent tax on all insurance premiums originating in incorporated villages, towns and cities only, for firemen's relief funds.

The law passed the recent session of the legislature with substantial majorities. It was heavily lobbied by firemen's associations and resulted in a minor scandal in Omaha when the city refused to pay a month's salary to three firemen, allegedly lobbyists for the measure.

It goes into effect Aug. 26. When first drawn the measure excluded Nebraska companies, but they were later included. The tax only applies to property insured within incorporated villages, towns and cities. It is estimated that between \$75,000 and \$80,000 will be raised on the basis of \$4,000,000 in premiums originating in towns and cities.

Definite action is being planned in Lincoln to test the constitutionality of the law, insurance men here say. Meanwhile, local insurance men are putting the matter in the hands of attorneys in preparation for a court tussle.

Probable grounds of attack are: (1)

Discriminatory legislation, taxing the business of companies that do urban business and exempting companies interested in rural business primarily; (2) class legislation, (3) individual legislation.

Money collected from the insurance tax, according to the law, is to be apportioned among towns, cities, etc., according to population.

George E. Leach Is Rescued

Maj. Gen. George E. Leach, head of the national guard in the United States, who was rescued late Monday night in rough country near Seligman, Ariz., where he had parachuted from a burning army plane and wandered about for some time in search of civilization, is a former fire insurance field man, having traveled for many years in the Dakotas and Minnesota. He is a brother of President W. C. Leach of the Minneapolis Fire & Marine. At the annual meeting of the Western Underwriters Association at White Sulphur Springs last year General Leach joined his brother and met some of his old insurance friends. He is a former mayor of Minneapolis.

The Scudder Agency, Portsmouth, O., has been incorporated by K. W. Scudder, J. L. Watkins, Jr., M. M. Watkins and C. D. Scudder.

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THE AMERICAN OF NEWARK
THE COLUMBIA FIRE OF DAYTON
DIXIE FIRE OF GREENSBORO

SOME OBSERVATIONS ON SEATTLE MEETING

(CONTINUED FROM PAGE 1)

of his state and is a man of prominence outside his calling.

There were two of the recently shorn present—Col. Dunham of Connecticut and A. H. Averill of Oregon. With the peculiar insurance atmosphere of his state, Col. Dunham fitted well into the picture but his seat was uneasy because he was a Republican. J. C. Blackall, his successor, left a good impression and as his pin feathers grow, he should find himself adapted to the insurance activities of his state. Earle of Oregon, rather retiring, has the making of a good official. At least having been a local agent, he has some knowledge of the business.

Van Schaick and Pink

Van Schaick of New York was a particularly aggressive, forceful, dynamic official. His public utterances had substance. His successor, L. H. Pink, is cast in a different mold but his colleagues found him standing firmly on the ground. Conservative, not forward, thoughtful, in a more quiet and less dramatic way, he will carry out the traditions of his state. New York has

the right to be the premier state from a supervisory standpoint. It is not afraid to appropriate sufficient money to the department to enable it to obtain competent deputies and department chiefs. It constitutes a powerful organization because of its commanding heads. Therefore the superintendent has always a most efficient personnel. Mr. Pink was accompanied to Seattle with a battery of talent from his office that stood high. For instance, Rollin Clark, T. J. Cullen, N. B. Hadley, G. H. Jamison, J. J. Magrath, C. E. Ryan—those are names to conjure with. New York has the right attitude toward its insurance department.

Nebraska Sends a Moose

Nebraska has needed representation at conventions in recent years. Conn W. Moose came on and he gives promise of adding lustre to his office. The towering, bald headed Ray Murphy of Iowa just inducted into office was buttressed by a galaxy of Iowa company officials. He found his way around without difficulty. Hunt of Pennsylvania assumed leadership at once and

with black mustache and white suit he soon became conspicuous.

Bowen of Ohio, former Northwestern Mutual Life agent, believes in sound insurance. He wants things done right. He may be a bit militant but he is sincere.

Many look forward to real service from Carpenter of California. He certainly is an improvement on some of his predecessors. He is a former local agent at Los Angeles and is off with a good start. Ketcham of Michigan has had some real problems before him since he took the reins. He is thoughtful and industrious.

Holmes of Montana, a near new, might be called the comedian of the corps. An Irishman with a luscious brogue, a crack raconteur, yet basically his roots are deeply imbedded in the soil. With no pretense, no effort to force his way to a false position, he faces the world with candor and a firm belief in his fellows.

Smith of Utah

Holmes of Montana boasts of direct descent from Brian Boru and his friend Smith of Utah from Joseph Smith, founder of Mormon Church. "Lisle" Smith too has a keen sense of humor, is spontaneous and since coming to the meetings has been classified in the upper brackets.

Mortensen of Wisconsin is uncertain of his future. His term expired July 1 and no Wisconsin commissioner has ever been reappointed. Governor La Follette may break the spell but he has given no indication. Mr. Mortensen is not a show horse. He is retiring and serious minded. He has administered his office according to a strict line. He is thoroughly in accord with the more advanced steps taken by his state in governmental functions.

Sullivan of Washington, another Irishman, the host commissioner, is very aggressive and does not allow any grass to grow under his feet. He has very fixed notions. He was on the stage much and worked hard to make the convention a success.

Illinois Now Has Standards

Palmer of Illinois brought to the insurance department of his state a fine insurance legal training, an alert mind, a conviction of what fire insurance at least needed because that was his line and a determination to clean the Augean stables. Illinois sank far below the median mark in days gone by. Its department was politically ridden and its standing with other departments was below freezing point. Palmer has done things and his office has a standing. What comes from Illinois is now known to be straight. He is one of the foremost men of this organization.

Tobin of Tennessee also had some readjusting to do in his state. He is coming to the front, is friendly and easy on the floor in his speech.

McClain of Indiana is "Harry" to everyone, a popular, buoyant chap with his head crammed full of poetry and anecdotes. He reels off verse by the yard and never waits for a crossing light until he has ended his feat of memory.

R. Leighton Foster's Contribution

Superintendent R. Leighton Foster of Ontario has been attending these United States conventions for 12 years so he is better known at these gatherings than 75 percent of our own officials. Five years ago at the Hartford meeting, he contributed a paper on automobile financial responsibility laws. This year he gave a study of the same topic, assembling all available information up to date. These Canadian officials know their subject. They are well schooled in public affairs, economics and their own specialty. They are not so disturbed over their tenure of office. They are fairly well paid.

Mr. Foster's paper was the most valuable contribution made to this gathering. His manner of presentation, his diplomacy in comparing United States and Canadian legislation, his forceful yet sincere marshalling of data—all



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not just the way we
say things, is always
the measure of our
sincerity."

—Anon.

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made him an outstanding character. To all who desire to become informed on this subject may I commend a reading of the Foster treatise.

Not in many years has there been so great an upheaval in the official list of this organization. On the special train out from Chicago the so-called easterners, who had in their confines most middle west and southeastern officials, fixed up the slate. Boney of North Carolina who at the St. Petersburg meeting in December rode into office from the first vice-presidency was scheduled for the place again because of his short term and also it was felt his candidacy would eliminate some ardent aspirants for the high office who were not regarded as wearing the cloth in apostolic succession. Gough of New Jersey, who was executive committee chairman, one of the most faithful of the stalwarts and now a veteran in the convention, was to occupy the first vice-presidency so that he could be elevated a year hence. He is not a commissioner by title, but is deputy in charge of the insurance department, the New Jersey commissioner also having the banking department to which he gives his personal attention. C. A. Gough, however, is the New Jersey insurance department. Nevertheless his eligibility to hold executive office under the wording of the constitution and by-laws was challenged but those who sponsored the administration ticket frowned on the raising of a fine technicality to humiliate so deserving an official.

Attempt at Diplomacy Made

Knowing that Sullivan of Washington had his eyes cast upward and appreciating his point of advantage as host commissioner, also sensing his probable proselytizing with coast and Rocky Mountain commissioners, he was to be given the second vice-presidency. Why not? In regular succession two years away, under the usual procedure he would stand at the top yet he might be out of office because he is elected in his state and the Washington Insurance League and quite a regiment of other insurance folk of his commonwealth are out gunning for him. The league is the state organization of local agents. A fight will be put up against him in his own party and the Republican.

So far, so good. Palmer of Illinois, one of the brainiest men of the convention, a finished hand in presiding, had his eyes cast upward but he had alienated himself from the influential fire company officials in his fight for the code in his legislature and that quarter expressed an unfavorable opinion. Therefore Palmer was to sit at the head of the executive committee. Urbane and not wishing to precipitate an unseemly contest he was agreeable to the arrangement.

Machinery Set in Motion

When the forces reached Seattle Monday of last week, Sullivan of Washington had donned his seven league boots and strode out to conquer. He rallied the cohorts of his particular dominion—California, Oregon, Nevada, Idaho, New Mexico, Arizona, Montana, Wyoming and Colorado. Utah's Smith refused to march with him. That gave him a fighting corps. He possesses a dominating, determined personality. He raised the cry of eastern supremacy. There was threat of secession. The far westerners were told they were subject to discrimination and the time had come to demonstrate to the stalwarts that the west was to be crowned. Sullivan soon had 11 votes pledged to the revolutionary cause.

Hunt of Pennsylvania, something of the Sullivan type, who had left a streak of fire clear along the continent, soon joined hands across the seas. Sullivan, who held the banquet program in his hand, had Hunt put on as he did Carpenter of California. To throw a sop to the old guard, he saw that Julian of Alabama was also to appear.

Even with this marshalling of forces, the administration army did not fear the outcome. However, keen observers saw

the signs in the skies. The far westerners, most of them new in the work, who had not gotten their bearings, were caught by the rallying cry and became converted.

Originated Some Years Ago

The far west commissioners now in office did not initiate this rebellion. It has been brewing for some years. These states have a certain community of interest. They are far from the insurance strongholds of the east. They believed the easterners did not appreciate their growing importance and magnitude. A few years ago a change was made in the rules whereby at least one member of the executive committee should come from this region of magnificent distances. The feeling grew that these westerners were not getting their deserts and that their call for help from the Mississippi valley, southeast and east on unauthorized insurance fell on deaf ears. The so-called Western Conference was formed a few years ago and talk of secession was heard. It died down a bit but the coals still smoldered. Obviously the far westerners needed more attention and more of the honorary plums.

This year the "time, place and girl" were here. The ambitious Sullivan was convention host and that meant much. There were a number of new officials who had not gotten their opinions formed and hence followed a dynamic leader. The first and second vice-presidents, elected at the St. Petersburg meeting, were out of state office and hence were no longer in the organization. Otherwise the traditional, unwritten law of succession probably would have prevailed. Boney had served only six months but he had won the honor and had presented a paper before the Life Presidents Association meeting, a distinction always shown the president of the commissioners organization.

Gough of New Jersey was chairman of the executive committee. The plea was made that Boney had sat in the gilded chair and the privilege should be given some one else. Gough's eligibility to hold official executive position was challenged.

The Way Was Clear

Thus the way was clear for an entirely new lineup. Sullivan controlled all the western conference cohorts but Smith of Utah who refused to be a revolutionist but others joined in the movement. The political wiseacres declared that Col. Boney should have stuck and not withdrawn. He might have pulled through by a slight margin. Evidently he smelled defeat and did not want to face personal chagrin. This left Sullivan and Palmer as the opposing candidates, and even there the administration forces felt that with their strength thrown toward the Illinois commissioner, he would win. Sullivan 19; Palmer 14. Some who were personally pledged to Boney cast their ballots for Sullivan when the North Carolina man pulled out.

McClain nominated Boney for president. Holmes of Utah nominated Sullivan and Dawson of South Dakota nominated Palmer of Illinois. To the dismay of the conservatives Boney withdrew. As the members of the administration group look back on the event they feel that Boney made a serious mistake as they are confident he could have been elected. Evidently he was badly frightened. One of the strange incidents was the feeling existing among some of the commissioners against Palmer. Men who were for Boney and would have stayed by him switched their votes to Sullivan. This was particularly true with commissioners like Bowen of Ohio and Tobin of Tennessee.

Undoubtedly where commissioners were influenced by outside interests they voted against Palmer on account of the fight engendered by the fire companies, particularly against him in his advocacy of the Illinois insurance code.

Swelling with victory, the Sullivan brigade broke the morale of the admin-

istration. Palmer was given the first vice-presidency and Bowles of Virginia the second place. It was somewhat of a surprise that New York got the executive committee chairmanship. Gough, personally humiliated at the treatment accorded him, refused to become a candidate to succeed himself so L. H. Pink was elected. He will be a sort of balance wheel. Secretary J. G. Read most wisely had not identified himself with either band so he was re-elected with a whirl.

In the choosing of members of the executive committee the revoltosos again showed their magic hand. They voted only for their three official candidates, thus relying on the accumulative plan to be a sure shot. Carpenter, Earle and Ham got far more votes by this process, the gap between them and Harry McClain of Indiana, the next highest, being wide and deep.

The election of Commissioner Sullivan to the presidency will certainly be

of material help in his candidacy for reelection to office in his state next year.

Canadian Pond Elects

W. J. Johnston was elected most loyal gander of the British Columbia Blue Goose at a meeting in Vancouver. Others elected are: Supervisor, J. Rose; custodian, I. L. Noble; guardian, A. W. McLeod; keeper, J. P. McBeath; wielder, E. Y. Welch.

Miscellaneous Notes

John W. Clark, of Indianapolis, formerly with the Ohio Inspection Bureau and later an engineer with Marsh & McLennan, has purchased an interest in the C. J. Curless Insurance Agency at Lancaster, O.

The Koletar Agency, Bridgeport, Conn., has been incorporated with Joseph Koletar as president; Y. J. Koletar, vice-president; Olga K. Zotack, secretary and assistant treasurer, and Julia Koletar, treasurer.

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Resolutions or Action?

THE issue of agent-company conferences comes out sharpest on any review film of last week's meeting of the NEW ENGLAND ASSOCIATIONS of INSURANCE AGENTS at Dixville Notch, N. H.

RALPH HINKLEY, Boston, president of the NEW ENGLAND FIRE INSURANCE EXCHANGE, said companies are not ready to enter into agency conferences to consider rate changes. It seems clear that little progress toward conferences can be made until there are well defined subjects on which both parties are ready to confer. What are these subjects? Are they subjects pertaining only to public and competitive difficulties common to both companies and agents or are they subjects which touch company and agency relationship?

And when a conference has been held on company and agency relations, what practical effects are to follow? PRESIDENT EDWIN J. COLE of the NATIONAL ASSOCIATION of INSURANCE AGENTS touched on that. He suggested that no real good would come until a group of companies representing a substantial volume of total business agreed to an agency-company code of fair practice and agents then placed their business only with companies of that group, "cleaning house" as he expressed it.

But the companies are today reached effectively only by their individual agency contacts and in spite of the resolutions of the agents' conventions and the urgent pleas of agency leaders to reward companies operating with regard for the integrity of the agency system, the question is more frequently arising whether this discrimination is being made in the tangible form of more premiums for companies against which no major charges of undermining have been made.

A resolution at a state or national convention has no pronounced effect until it reaches a home office in the form of a letter from an individual agent who seeks information about specific cases with the purpose of taking action based upon the treatment he receives. That kind of letter will send the executives of a company into conference. What

does the agent do when he gets a satisfactory answer? According to company executives, if he gets a satisfactory answer, he goes along just the same as before. Suppose he gets an unsatisfactory answer? If the tilt with the agent has been over some individual risk of his, he may retaliate by cutting down the business of that company, but if the tilt relates only to some action of the company affecting agencies in general, touching only a principle, then the agent goes along seemingly as before, placing his business with a company which he himself has adjudged in the wrong.

At the agency conventions these agents explain their action by stating that violations of good agency practices have become so general that they would virtually disrupt their entire agency representation if they were to start punishing companies they believed to be guilty.

It is the contention of some company executives that this failure of the agent to discriminate against the company he believes guilty of violating the system had no small part in hastening the number and extent of these alleged violations.

A company must compete for business. It may choose to compete along channels of familiar agency practices. When a company makes that choice, it may look with resignation upon business lost through adherence to these practices only if the agents themselves are going to come forward with compensating premiums to show that the company was wise in its choice of its method of competition.

Can agents ask for conference agreements while they acknowledge that no action will be taken in their individual agencies because they cannot determine who maintain agreements and who violate them? Company executives who declare in favor of the American agency system say emphatically that the agents can determine this question and can take effective action and that until and unless they do, progress on joint action programs will be slow.

PERSONAL SIDE OF BUSINESS

Samuel P. Rodgers, vice-president of the State of Pennsylvania, is receiving condolences because of the death of Mrs. Rodgers, who had been critically ill for several months.

W. P. Wagner, who has just been appointed director of commerce of Ohio, has been superintendent of building and loan associations of that state. He succeeds A. A. Benesch of Cleveland, who has been unable to serve since he was sworn in last January. The insurance department is a division of the department of commerce.

Walter G. Shannon was tendered a farewell luncheon by the staff of the home office of the Columbia of Dayton on the occasion of his retirement as departmental manager there. In addition to the staff there were present P. A. Gregory, formerly of Perth Amboy, N. J., who succeeds Mr. Shannon, and Harry Z. Mouk, formerly assistant secretary of the Columbia Fire of Dayton.

Mrs. Mary Calhoun, 83, mother of W. B. and A. R. Calhoun, prominent Milwaukee local agents, died at the home of the former in Whitefish Bay, Milwaukee suburb. Mrs. Calhoun had suffered a cerebral hemorrhage a week previous. Her two sons operate the Calhoun Insurance Agency. W. B. Calhoun is past president of the National Association of Insurance Agents and the Milwaukee Board and is now president of the Wisconsin Association of Insurance Agents.

Thomas B. Smith, prominent San Francisco broker, member of the Insurance Brokers Exchange of San Francisco and the San Francisco Life Underwriters Association, who in his younger years was considered a "flash" on the track, still retains his interest in athletics and is aiding to promote attendance at the 1936 Olympiad at Berlin. Mr. Smith is building a delegation to sail from San Francisco May 22, 1936.

J. E. Robb, assistant secretary Mill Owners Mutual Fire of Des Moines, attended the international convention of Lions Clubs at Mexico City, as a delegate from the Des Moines club. He drove as far as Monterey, where he was forced to take a train to the Mexican capital, due to bad roads and adverse weather conditions.

The engagement of Donald Sheldon and Miss Caroline Holmes of Summit, N. J., has been announced. Miss Holmes is a daughter of a prominent local agent of Summit. Mr. Sheldon, who has been assisting in the Virginia field for the past two months, left last week for Newark to resume field work for the Crum & Forster group in northern New Jersey.

William Eberle, Oklahoma City general agent, is on a trip to Hawaii with Mrs. Eberle and his two daughters, having motored to the coast via the northern route.

In honor of 35 years' service with the New York Life, the Davenport, Ia., agency has been conducting a two weeks' testimonial honoring W. A. Scherfe of Fort Madison, who is also a former president of the Iowa Association of Insurance Agents. He has represented the New York Life in Fort Madison since June 15, 1900. The volume turned in at the Davenport office was the largest of any two weeks this year, according to Don Parker, agency director.

Col. Ray A. Yenter, former Iowa commissioner, now practicing law in Des Moines, has been named senior regimental commander of the 57th cav-

alry brigade. W. K. Herndon, insurance attorney, Kansas City, Mo., is the new commanding officer of the brigade, which includes the 113th Iowa and the 114th Kansas cavalry.

Mr. and Mrs. Holmes Meade and their daughter Evelyn will sail July 24 from Los Angeles on the Mariposa for Honolulu. Mr. Meade is president of the Meade Investment Company, Topeka, and past president of the Kansas Association of Insurance Agents.

Carlton Rickards, a familiar and popular figure in the San Francisco insurance district for more than 50 years, died at his home there at the age of 71. He entered fire insurance work in San Francisco before the days of brokers and agents, being designated as a "city solicitor," and devoted his entire career to brokerage business. He was an accomplished Chinese linguist. At one time he served as interpreter for the immigration service. He was also frequently called in to serve as interpreter in the local courts. Because of his unusual ability to speak Chinese he was exceedingly popular with that race and consequently much of his business was written among that group.

Lloyd T. Wheeler, manager Mississippi State Rating Bureau, is leaving this week for Reserve Officers Training Camp at Fort McClelland.

G. R. Reed, Columbia, Ky., president Kentucky Association of Insurance Agents, is making the race for state senator from Adair county.

S. J. Risk, Muskegon local agent, was named state commander of the Michigan Veterans Democratic League at a meeting in Lansing.

Frank H. Newman, assistant United States manager of the General Fire of Paris, the reinsurance company, is making a trip through the middle west. He stopped at Pittsburgh, then at Cleveland and Detroit and went by boat from there to Chicago. He is stopping in Milwaukee, Minneapolis and Omaha.

A. H. Shotter, president of the Shotter, Faerber & Co. agency, Cleveland, died there at the age of 69. He had been in the insurance business 52 years and was one of Cleveland's veterans in point of service. He organized his agency 35 years ago.

Martin Brown, Michigan state agent of the Royal-Liverpool groups, died at Ford Hospital, Detroit. He had been ill but a short time, the result of a heart attack while playing golf July 4. Mr. Brown was born on a farm June 4, 1874, and his first insurance work was with the Michigan Inspection Bureau in the Jackson office, going with the Royal as a special agent in 1920.

Funeral services were held at his home in Detroit Wednesday morning and burial was at Jackson.

H. W. Laird, formerly connected with the head office of the National Association of Insurance Agents, and now with the H. J. Drane & Co. agency in Lakeland, Fla., has had a cataract removed from his left eye with complete success, insuring normal vision with the aid of glasses.

About 40 attended the golf outing and dinner of the Wirt Wilson & Co. agency of Minneapolis at the Midland Hills Golf Club. The low net cup was won by A. R. Thompson and the low gross by Coord Roosen, both of the Wilson office. There were a number of special agents on hand and H. C. Edmundson, agency superintendent of the America Fore in Chicago, attended.



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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Qualification Law Is Needed

Minnesota Deputy Commissioner Tells Mutual Insurance Club Why It Is Necessary

An effective qualification law is needed in Minnesota to weed out undesirable producers, Deputy Commissioner Dewey Johnson told the Twin City Mutual Insurance Club at a meeting in Minneapolis. With a population of two and one-half million people, there are 15,000 agents in the state or one for each 166 people. Mr. Johnson pointed out the agents are so numerous in many cases they sell insurance to each other. Analysis showed that only 42 percent were employed full time in the profession of insurance. Of the 58 percent part-timers, 32 percent were bankers, 7 percent housewives and farmers, the balance being students, clerks, and others who derive the bulk of their income from some other source. Mr. Johnson closed his talk with a statement that \$960,000 in insurance premiums goes out of the state each week to companies not domiciled in Minnesota.

Preceding his talk was a short business meeting. C. S. Laidlaw, Austin Mutual, was elected president; D. F. Raihle, general sales manager Hardware Mutual Fire of Minnesota, vice-president, and R. E. Lehman, St. Paul Mutual, was reelected secretary.

Department Surveys Due Soon

COLUMBUS, July 17.—The Sherrill state government survey committee, which has been investigating Ohio departments in an effort to find means of improving the service and curtailing expenses, is expected to make its report on the industrial commission, July 29. The report on the commerce department, banking and fire marshal's division is expected about Aug. 15 and that on the insurance and bonding divisions about Aug. 17. The governor has named a committee to study the committee's findings and offer suggestions as to carrying out its recommendations if they are accepted by those in authority.

Kansas Losses Decrease

Kansas fire losses for June were \$292,523, an increase of \$90,000 over May and \$40,000 above June, 1934. The six-month total is \$1,235,973, \$738,986 or 40 percent below 1934, and the lowest for a similar period in 20 years or more.

Farm losses have shown a remarkable decline, the June total being only \$31,315 from 21 fires on farms or in unprotected villages. In 1934 farm losses averaged over \$100,000 a month.

Plan Ohio Examinations

COLUMBUS, July 17.—The Ohio department is actively planning the examinations which applicants for agents' and solicitors' licenses will have to take after Aug. 21. Raymond Rhoads is in charge of this work and is preparing comprehensive lists of questions covering all branches of the business. It is understood that the examinations will be held in colleges in the various centers so that the department will have the advantage of the experience of those who know how to conduct this work.

Dinwoodie Joins Broderick

DETROIT, July 17.—D. P. Dinwoodie of Cleveland has joined the D. F. Broderick agency as vice-president

and controller. He has been president of the General Electric distributing organization in Cleveland for the past 2½ years, prior to that being with a New York financial house.

Ohio Township Fire Service

The statement that Governor Davey of Ohio had signed a bill providing that any fire fighting company is compelled to answer a fire alarm at any place in the county in which it is located, is erroneous. This bill never got out of the committee, but there was a bill passed which permits townships to make three year contracts with municipalities for fire service.

Kills Reciprocity Repeal

MADISON, WIS., July 17.—The Wisconsin senate has killed the measure to repeal the reciprocity law which the assembly had passed. The law which was enacted 20 years ago provides that Wisconsin tax the premiums of other companies at the same rate as their home states tax the premiums of Wisconsin companies.

Merger in Grand Island

Merger of the Flower & Porterfield agency and the Evans agency of Grand Island, Neb., under the title of the Flower & Evans Co., has been consummated. The combined office will operate from the old location of Flower & Porterfield. C. T. Flower is head of the insurance department. He is a former president of the Nebraska Association of Insurance Agents.

State Fund Move Beaten

SHAWANO, WIS., July 17.—The Shawano board of education has decided to continue the fire insurance carried on school buildings with local agents of private fire companies. At

several previous meetings the question of renewing or placing with the Wisconsin state fire fund had been discussed. The move to change over to state insurance was defeated. Local agents put up a strong fight to retain the business.

Board Gets Builder's Risk

KANSAS CITY, KAN., July 17.—The local board here was successful in securing the builders' risk insurance on the new Wyandotte county high school. This will run approximately \$1,300,000. While it will be placed through the local board and the commission will go to it for distribution to members, one agent will handle the deal. This is a system uniformly followed by the association on large risks.

The association also secured all bonds on sub-contractors, approximately \$400,000. The general contractor's bond went to Childs & Wood of Chicago.

Kansas Meeting Scheduled

The annual meeting of the Kansas Association of Insurance Agents is to be held in Topeka, Oct. 23-25.

Indianapolis Losses Decreased

A decrease of \$71,868 in fire loss in Indianapolis in June as compared with the same month last year is reported. Losses this June were only \$6,000.

Houghton County Outing

Twenty-five members of the Houghton County (Mich.) Association of Insurance Agents attended the annual outing of the association at Twin Lakes Lodge. The next meeting will be held July 27.

Middle West Notes

Roy S. Goldman, a broker who had been connected 10 years with the Charles L. Crane agency of St. Louis, was found in his automobile dead as a result of carbon monoxide poisoning.

The Hutchinson (Kan.) Board, which has adjourned its regular meetings for the summer, held a picnic for members, office employees and families July 13.

IN THE SOUTHERN STATES

Broker Held Agent of Assured

Laurel, Miss., Local Agents Win Case Against Insured for Earned Premium Paid Broker

JACKSON, MISS., July 17.—The Mississippi supreme court has held that the broker is the agent of the assured and the agency can collect from the assured if the broker fails to pay. Graves, Lindsey & McLaurin, Laurel, Miss., local agents, wrote \$14,000 fire insurance on the McParland-Scanlon Lumber Company's plant in Laurel, through a Chicago broker, G. C. McLean. The lumber company is an Illinois corporation with Chicago headquarters. The broker had not previously dealt with the local agency although he had placed the insurance for some time for the lumber company. The assured paid the premium to the broker, but the broker did not pay the agency. The supreme court held that the broker was the agent of the assured and gave judgment in favor of the agency against the assured for the premium earned up to the time the policies were canceled for non-payment.

Special Tennessee Session

NASHVILLE, TENN., July 17.—The Tennessee legislature has convened for a special session called by the governor. A number of insurance matters

will be under consideration, including: Definition and regulation of fire insurance adjusters; requirements for foreign insurance companies; requiring that foreign companies designate the commissioner of insurance as attorney in fact for service of process and fix fees; providing penalties for insurance agents instead of revocation of license, and requiring fire companies to notify the commissioner of all fire losses. The special session is limited to 20 days.

Send Out Thomas' Address

LOUISVILLE, July 17.—The Kentucky Association of Insurance Agents has arranged to mail to all members and prospective members a copy of the address made at the association meeting on June 21 by Charles F. Thomas, manager of the Western Underwriters Association, Chicago, which is a brief in favor of stock company agents representing stock companies and refusing to harbor mutual or reciprocal interests in their offices, as a method of retaining the American agency system. A letter from the association points out that stock company agents should be organized and not give mutual interests their sound business and retain skim milk business for the stock companies.

Texas Losses Lower; July Worse

DALLAS, July 17.—Texas fire losses for the first six months are estimated to be 15 percent below those for the

half of 1934. But July started off with a big hop, which it kept up will soon put the losses above last year.

Dallas losses for the half year were about \$10,000 lower and Houston about \$120,000 less. San Antonio losses were still at a low figure. So were Austin's and practically all central and south-west Texas. West Texas losses were also lower, but some parts of east Texas show an increase.

July started off with a \$250,000 mill and elevator fire, a \$150,000 cotton mill fire, a \$80,000 night club blaze and a number of other fires where the losses ranged from \$15,000 to \$40,000.

Long Kentucky Councillor

LOUISVILLE, July 17.—John S. Long of Robinson, Wilson & Long, Louisville local agents, has been appointed national councillor for Kentucky of the National Association of Insurance Agents by G. R. Reed, president Kentucky Association of Insurance Agents, to fill the vacancy caused by the resignation of W. A. Reisert of Louisville. Mr. Long is a past president of the Louisville Board and has served on the legislative committee of both the local board and of the state association, and on the executive committee of the state association.

Speak at Mill Mutuals' Meeting

L. K. Sharp, advertising manager, and N. E. Kyle, manager inspection department Mill Owners Mutual Fire of Des Moines, are among the speakers at the agents convention of the Mill Mutuals, southeast department, at Nashville, Tenn., July 19-20. Mr. Sharp will discuss "Profitable Business Produced by Advertising," and Mr. Kyle will talk on "Agents from a Company Standpoint."

Plan Mississippi Meetings

The Yazoo-Delta Association of Insurance Agents, a regional subdivision of the Mississippi association, will hold a meeting some time in July, at which it will elect a successor to M. C. Robb, secretary, who died recently. The directors of the Mississippi association are expected to meet at the same time and place.

Tennessee Dates Are Fixed

The annual meeting of the Tennessee Association of Insurance Agents will be held in Knoxville Oct. 17-18 with headquarters in the Andrew Johnson hotel.

Cooperatives on Lumber Loss

The mutuals and reciprocals carried the insurance on the plant of the Grayson Lumber Company, Birmingham, Ala., which was destroyed by fire July 12 with a \$200,000 loss. C. H. Grayson, president, said the coverage was about 75 per cent of the loss. The big plant was last rated by the stock companies in 1924 and this rate was withdrawn two years later.

Hutson Addresses Florida Groups

A. C. Hutson, assistant chief engineer of the National Board, has been in Florida for ten days addressing gatherings of municipal fire department chiefs.

Sidney Smith Incorporates

Sidney O. Smith of Gainesville, Ga., member of the executive committee of the National Association of Insurance Agents, has incorporated his agency as Sidney O. Smith, Inc. His partner is John H. Davis.

Augusta Secretary on Council

W. F. Law, Jr., secretary of the Augusta (Ga.) Board, was elected to the city council over John J. Cohen, Jr., another local agent.

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

ORGANIZED 1855

80 YEARS IN BUSINESS

Surplus to Policyholders, Dec. 31, 1934, \$16,006,502.99

(Securities at Market Value)

THE GIRARD FIRE & MARINE INSURANCE CO.

Organized 1853

Surplus to Policyholders Dec. 31, 1934

\$2,087,058.35

Securities at Market Value

82 YEARS IN BUSINESS

THE MECHANICS INSURANCE COMPANY OF PHILADELPHIA

Organized 1854

Surplus to Policyholders Dec. 31, 1934

\$935,329.77

Securities at Market Value

81 YEARS IN BUSINESS

NATIONAL-BEN FRANKLIN FIRE INSURANCE CO. OF PITTSBURGH, PA.

Organized 1866

Surplus to Policyholders Dec. 31, 1934

\$1,932,062.99

Securities at Market Value

69 YEARS IN BUSINESS

THE METROPOLITAN CASUALTY INSURANCE CO. OF NEW YORK

Organized 1874

Surplus to Policyholders Dec. 31, 1934

\$1,796,718.88

Securities at Market Value

61 YEARS IN BUSINESS

HAZARDS INSURED

Fire and Lightning
Sprinkler Leakage
Tornado—Windstorm
Ocean and Inland Marine
Tourist Baggage
Riot and Civil Commotion
Explosion
Parcel Post
Loss of Use
Earthquake
Aircraft
Automobile—All lines
Personal Accident
Health
Group Disability
Plate Glass
Burglary, Theft and Larceny
Hold-up—Robbery
Blanket Residence
Public Liability—All Lines
Contingent Liability
Elevator Liability
Elevator Property Damage
Golf and All Sports Liability
Products Liability
Professional Liability
Malpractice
Check Alteration and Forgery
Fidelity Bonds
Surety Bonds

GROUP LOSSES PAID

Over

Four Hundred Million

\$429,842,318.00

MILWAUKEE MECHANICS' INSURANCE COMPANY

Organized 1852

Surplus to Policyholders Dec. 31, 1934

\$5,005,480.77

Securities at Market Value

83 YEARS IN BUSINESS

SUPERIOR FIRE INSURANCE COMPANY

Organized 1871

Surplus to Policyholders Dec. 31, 1934

\$2,081,259.40

Securities at Market Value

64 YEARS IN BUSINESS

THE CONCORDIA FIRE INSURANCE COMPANY OF MILWAUKEE

Organized 1870

Surplus to Policyholders Dec. 31, 1934

\$2,243,727.39

Securities at Market Value

65 YEARS IN BUSINESS

COMMERCIAL CASUALTY INSURANCE CO.

Organized 1909

Surplus to Policyholders Dec. 31, 1934

\$2,022,134.99

Securities at Market Value

26 YEARS IN BUSINESS

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PROVIDENCE WASHINGTON INSURANCE CO.

of Providence, R. I.

Capital \$3,000,000

INCORPORATED 1928

ANCHOR INSURANCE CO.

Providence, R. I.

Organized and Owned by the Providence Washington Insurance Co.

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PACIFIC COAST AND MOUNTAIN

Souders Assistant Manager

Fire Association Advances Coast Superintendent of Agencies—Formerly State Agent in Ohio

SAN FRANCISCO, July 17.—Appointment of V. W. Souders as assistant manager of the Pacific Coast department of the Fire Association group is announced by Vice-president F. M. Avery. Coming to San Francisco in 1933 as superintendent of the special risk department of the coast office, Mr. Souders has been superintendent of agents since last year. In his new position he will cooperate with C. L. Barsotti, veteran assistant manager, in the management and development of the agency plant.

Before joining the Pacific department, Mr. Souders was state agent of the Fire Association in eastern Ohio. He first entered the business there in 1921 as an inspector for the Ohio Inspection Bureau. Two years later he joined the Phoenix Assurance as special agent and in 1924 became state agent of that company. One year later he became affiliated with the Fire Association.

A graduate of Western Reserve University of Ohio, Mr. Souders later completed a law course at the Ohio Northern University law school and was admitted to the bar, but never practiced.

Andre Doassans has been appointed superintendent of agencies, succeeding Mr. Souders, also assuming charge of the special risks department.

See Record Attendance at California Agents Meeting

SAN FRANCISCO, July 17.—All indications point to a record attendance at the annual convention of the California Association of Insurance Agents at San Diego Oct. 30-Nov. 1.

Victor Wankowski, oldest local agent in San Diego, has been named honorary chairman with D. B. Goldsmith, director of the state association, as general chairman.

While the program has not been definitely lined up and no theme as yet announced, it is expected that, in addition to speakers well known in the Pacific Coast territory, there will be at least two speakers of national reputation.

Oct. 30 will be devoted to registration, executive sessions and sight-seeing. Business sessions will be held Thursday and Friday, with the annual

banquet Friday evening. Saturday, Nov. 2, has been designated California Association of Insurance Agents Day at the California-Pacific International Exposition at San Diego and it is expected that most of the delegates will remain over for it.

Fight Widening Mutuals' Field

SACRAMENTO, July 17.—Representatives of the California Association of Insurance Agents, including Frank Colridge, executive secretary, and Frank Guerna, attorney, appeared before Governor Merriam to protest approval of Senate Bill 556, which seeks to permit out of state mutuals to write school insurance in California. A public hearing was held, with proponents and opponents of the measure appearing.

Insurance Women Hear Laley

SAN FRANCISCO, July 17.—Robert E. Laley, manager Pacific Coast branch National Bureau of Casualty & Surety Underwriters, speaking before the San Francisco Insurance Women's League, discussed the organization and functions of the National Bureau. E. W. Bonstin, vice-president Pacific National Fire, gave a memory demonstration. Miss Maritza Barkofcy, Great American, president of the group, presided.

The drive for members will close with the August meeting, at which Judge Theresa Meikle will speak.

Frank Priest Is Featured

Frank T. Priest of Wichita, a member of the executive committee of the National Association of Insurance Agents, will represent the latter organization as headliner for the annual convention of the Insurance Agents League of Washington at Bellingham, Aug. 22-23. Mr. Priest will address the annual meeting of the Wyoming association en route to the Pacific Coast. Others who are slated to appear before the Washington agents are John L. Noble of Vancouver, B. C., manager of the fire branch of the British Columbia Insurance Underwriters Association; Clarence W. Lord, America Fore group, San Francisco; John C. Sturm of Portland, president of the Oregon agents association.

Wyoming Dates Are Set

The annual convention of the Wyoming Association of Insurance Agents will be held at Casper, the date being Aug. 19-20. W. L. Braerton of the Braerton, Simonton, Brown general agency in Denver will be the toastmaster.

EASTERN STATES ACTIVITIES

Discussion Covers Many Points

Finance Business, Pro Rata Cancellation Among Subjects Weighed at Meeting of New England Agents

By RALPH E. RICHMAN

At the annual meeting of the New England Associations of Insurance Agents at Dixville Notch, N. H., President W. T. Cranfield of the Chicopee, Mass., board advocated that companies writing auto finance company business be posted to the agents and that agents act accordingly.

Commissioner Heltzen of Rhode Island said insurance of auto finance companies follows the location of the bank or financial institution named in the conditional sales agreement and that where these are located outside the state where the auto finance company is lo-

cated, then the insurance commissioner can not license that organization to write insurance because the right of insurance placing has been contracted away to an organization outside the state. The state is losing taxes. The license may be illegal. Maybe that is one opening to attack the auto finance company problem, he concluded.

Citing company failure to confer with agents in Lynn, Mass., three years ago on overhead writing, President E. J. Cole of the National Association of Insurance Agents said some change on the part of the companies toward conference was now evident. He admitted that many outlaw companies hampered cooperation of those favorable to the American agency system but he stated solution could come only when companies representing a large share of the national premium volume acting as a group agreed to stop agency discrimination and the agents then cleaned house. The chief danger of pro rata cancella-

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Fidelity & Casualty Co. of N. Y., Massachusetts Bonding Indemnity Co., and others. Trial of all casualty, fidelity and fire insurance matters. Specially equipped for investigations and adjustments.

CHESTER D. RICHARDSON

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Loyalty Group, Century Indemnity Co., and others. Equipped for investigation, adjustments, trial of all Insurance Cases.

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Over 28 years defense trial practice.

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Special attention to the Law of Fire Insurance

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Fidelity & Cas. Co., Continental Cas. Co., Employers of London. Equipped for investigations, adjustments, trial of all fire, casualty, and surety cases in district.

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Massachusetts Bonding & Ins. Co. and others —Equipped to handle adjustments—and trial work.

WYOMING

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Equipped for investigation, adjustments and trial of all insurance cases in Northern Wyoming.

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Loyalty Group, Fireman's Fund, and others. Equipped for investigations, settlement of claims, trial of all cases anywhere in Wyoming.

tion according to Charles W. Varney, Rochester, N. Y., lies in the possibility of its spread to all lines of insurance.

To combat activities of public adjusters, agents should place a sticker on policies stating that loss adjustment can be obtained without hiring outside aid, R. G. Hinkley, New England manager American of Newark, suggested.

Fred R. Smith of Haverhill, Mass., said in some cities the fire department chief will notify those suffering loss that they need not employ adjusters but should consult their local agents first. Mr. Cole called attention to the letters of the HOLC written to loss claimants telling them they should go direct to their agent or company. Malcolm Wight, Hartford Fire, advised the agents that the National Board would shortly issue a policy sticker on the public adjuster evil which it was hoped would meet legal requirements in all states.

What will be remembered longest from the Dixville Notch convention program is the solicitation playlet. This is a creation of Charles E. Freeman of the Springfield Fire & Marine. It is significant that both fire and life companies are turning more to dramatization to make their sales ideas live.

New Jersey Agents to Meet

Testimonial Dinner for L. A. Watson
Expected to Be Attended by Many Company Officials

The tentative program for the 42nd annual convention of the New Jersey Association of Underwriters, to be held at the Hotel Pennsylvania, New York City, Sept. 12-13, provides for a meeting of vice-presidents, executive committee and other interested members the afternoon of the first day, with a get-together dinner, dance and entertainment in the evening.

The general business session will be held the morning of Sept. 13 with a luncheon, and a testimonial dinner to L. A. Watson, expert of the Schedule Rating Office of New Jersey, in the evening. The gathering in New York City will be the first event of its kind in the history of the association, and will permit many company officials to attend the Watson dinner. Mr. Watson is held in high esteem not only by agents but by company officials generally.

Nute Bulletins Companies on New Boston Board Rules

BOSTON, July 17.—Percy E. Nute, enforcement officer of the Boston Board, has called attention to the fact that all companies have pledged observance of the new brokerage and agency rules, which provide that only the Boston Board agent of a company is permitted to write policies of the company covering risks located in Boston proper or the wharf and warehouse territory as defined in board rules. This includes the assent to transfers on policies making them attach in this territory or the issuance of underlying policies for I. U. B., F. I. A., and general cover contracts applying in this territory.

He asks companies to examine very carefully business received by them from other agents in Massachusetts "so that you may not unintentionally retain a line so located as its acceptance from any agent other than your Boston Board agent will be considered as a violation on your part." He has also requested the New England Insurance Exchange to bulletin special agents in Massachusetts, calling attention to this rule so that they will not authorize any agent under their jurisdiction to write such risks.

Special Policy Forms

HACKENSACK, July 17.—Members of the Bergen County Association of

Insurance Agents are using a special form for fire policies. This form is printed with the individual agent's name in the right hand corner where counter-signatures are made. In the left hand corner is the National association's emblem and the name of the Bergen County association. The forms are revised at various times in conformity with change of regulations of the Schedule Rating Office of New Jersey. The form is so constituted that it can be used for protected and unprotected dwellings or mercantile with dwelling occupancy.

Will Study Problems Further

NEW YORK, July 17.—Though no definite conclusions were reached at the joint meeting of the New York Fire Insurance Exchange's special committees on multiple location risks and on pro rata reductions, distinct progress toward ultimate accord was made. Copies of their reports will be furnished each committeeman for more intensive study and consideration at a subsequent conference. W. J. Reynolds of Corroon & Reynolds is chairman of the first committee, while A. H. Wittholn of the Federal heads the other.

Exchange Elects Members

BOSTON, July 17.—The New England Insurance Exchange elected four new members at its quarterly meeting here: W. J. Beverly, special agent Royal Exchange for Massachusetts and Rhode Island; J. P. Plennox, special agent Rhode Island for Massachusetts; G. H. Mysall, special agent Home of New York for Massachusetts, and R. T. Smith, special agent Royal in Boston. L. E. Greer, Liverpool & London & Globe, who has been transferred to Kansas, has resigned as an active member.

No Successor to Spencer

Governor Brann of Maine submitted a long list of appointments to state offices this week, but made no mention of the insurance commissioner. The term of office of Commissioner W. D. Spencer has expired.

The Bridgeport Agency, Bridgeport, Conn., recently incorporated, is a subsidiary of the Bridgeport Land & Title Co. and will handle the insurance business of that firm. William Webb is president; H. M. Lyon and D. F. Wheeler, Jr., vice-president, and Arthur Bradshaw, secretary-treasurer.

MOTOR INSURANCE NEWS

Must File Minnesota Rates

Insurance Department Calls for Data—Reports Complaints on Violations—Threaten Severe Action

NEW YORK, July 17.—Fire companies writing automobile insurance in Minnesota have been requested to file with the insurance department rates and rules and data concerning fleet risks by July 24. Numerous complaints regarding rate and rule violations, the department states, have been received by it and in the future convicted violators will be severely dealt with. Filings by companies heretofore have been made through the medium of the National Automobile Underwriters Association, the Minnesota department merely requiring that individual offices indicate their assent and give assurance of compliance. The present is the first request for direct filings companies have had and managers are speculating as to what has incurred the ire of the department.

John S. Flisk, formerly complaint clerk of the Iowa department, opened a claim adjustment office at 1003 Southern Surety building, Des Moines.

Press Table Sketches of New England Gathering

Earl Dane of the Philbrick agency in Providence presented the sports prizes at the meeting of the New England Associations of Insurance Agents in Dixville Notch, N. H. He proved a wise choice. He could be heard and what he had to say was pithy, sometimes sharp, but always in utmost good humor.

Gladys Cole, daughter of President Edwin J. Cole of the National association, is suspected of carrying a rabbit's foot or a small horseshoe. She got a prize Tuesday evening and then walked into the Wednesday morning session and qualified for the opening attendance prize.

John G. Yost, vice-president American Bonding, remained over for the week-end at The Balsams.

The New England meeting originated as an outing and that is still a primary factor in place selection. Only those who approach the convention in a holiday spirit can become reconciled to travel time equaling convention time.

Probably more wives attend the New England meeting in proportion to total attendance than any other agents' meeting in the country.

A. B. White, president of the New Hampshire association, was proud of the first rank in attendance numbers from New Hampshire. While that was the host state, the number of agents is relatively small.

Some home and branch office men at the outing: From Boston: James Craft, New England assistant manager Firemen's; Ralph Hinkley, New England manager American of Newark; W. D. Riddell, New England manager Kemper companies; George Williamson, New England manager Merchants Mutual; Ray C. Dreher, sales promotion department, Boston.

From Baltimore: Harry F. Ogden, vice-president Fidelity & Guaranty Fire, and Mr. Yost.

From Hartford: Arthur D. Spring, superintendent of agents, casualty department, Travelers; Roger Wight, superintendent of agents Travelers Fire, and Malcolm Wight.

Others present were Frank W. Sargeant, president New Hampshire Fire; Peter J. Berry, vice-president Connecticut Indemnity, New Haven; Robert Hosmer, president Excelsior Fire, Syracuse.

All state association heads were present: A. B. White, Keene, N. H.; Carroll Steele, Gloucester, Mass.; Harold O. Braithwaite, Bridgeton, Me.; Thomas Sturgess, New Haven, Conn.; George I. Parker, Pawtucket, R. I., and George Kent, Barre, Vt.

1794 1935

THE INSURANCE COMPANY
STATE OF PENNSYLVANIA
PHILADELPHIA, PA.

ANNUAL STATEMENT December 31, 1934

| | |
|--|----------------|
| Reserve for Unearned Premiums | \$1,658,641.67 |
| Reserve for Losses Under Adjustment | 222,651.91 |
| Reserve for Taxes and all other Claims | 152,295.71 |
| CASH CAPITAL | 1,000,000.00 |
| NET SURPLUS | 1,164,346.10 |

TOTAL ASSETS \$4,197,935.39
SURPLUS TO POLICYHOLDERS \$2,164,346.10

Actual Market Value

Acquire THE OLD "STATE OF PENN"

Fire, Tornado, Automobile Insurance

THE LONDON & LANCASHIRE
INSURANCE COMPANY, LTD.

ORIENT INSURANCE COMPANY

LAW UNION & ROCK
INSURANCE COMPANY, LTD.

SAFEGUARD
INSURANCE COMPANY

ENGLISH AMERICAN
UNDERWRITERS AGENCY

STANDARD MARINE
INSURANCE COMPANY, LTD. (Fire Dept.)

GILBERT KINGAN, Manager
Eastern Department
20 Trinity St.
Hartford, Connecticut

W. W. GILMORE, Manager
Pacific Department
332 Pine St.
San Francisco, Cal.

C. CLAUSSEN, Manager
Western Department
223 W. Jackson Blvd.
Chicago, Illinois

For Over Fifty Years Good Friends of Local Agents

Rates in Chicago Cut Again

Reduction in Automobile Theft Tariff Is
33 1-3 Percent—Follows Two
Previous Decreases

A horizontal reduction of automobile theft rates in the Chicago territory of 33 1/3 percent became effective Monday of this week. This reduction was put into effect by the National Automobile Underwriters Association without prodding this time by State's Attorney Courtney of Cook county and without previous consultation with him. Rates had been reduced on two previous occasions, largely at the insistence of Mr. Courtney.

Courtney is given the credit for having brought about the great reduction in automobile thefts in Chicago. Two or three years ago an average of about 100 cars a day were stolen in Chicago and automobile theft insurance was all but unwritable there. Now, the experience in that city is highly satisfactory and is as good as that in any other large city in the country.

The 33 1/3 percent reduction applies to private passenger cars in area 1, which is Chicago proper. The rates for area

RHODE ISLAND INSURANCE COMPANY

31 Canal Street
Providence, Rhode Island

STATEMENT, JANUARY 1, 1935

Assets

| | |
|--------------------------------------|-----------------------|
| Stocks and Bonds..... | \$2,587,529.86 |
| Cash Balance | 374,745.00 |
| Agents' Balances Outstanding | 349,683.38 |
| Accrued Interest, Other Assets | 41,515.70 |
| | \$3,353,473.94 |

Liabilities

| | |
|---|-----------------------|
| Reserve for Unearned Premiums..... | \$1,454,043.17 |
| Losses in Course of Adjustment..... | 120,623.00 |
| Reserve for Taxes, Expenses, All Other Liabilities | 169,031.06 |
| Capital Stock..... | \$1,000,000.00 |
| Net Surplus Beyond All Liabilities | 609,776.71 |
| Surplus to Policyholders | 1,609,776.71 |
| | \$3,353,473.94 |

Note—All bonds and stocks are carried at Actual Market Value.



A Strong, Conservative New England Company

NEW YORK UNDERWRITERS INSURANCE COMPANY

CAPITAL \$2,000,000

A. & J. H. STODDART, General Agents

90 John Street - - - - - New York City

FIRE - AUTOMOBILE - WINDSTORM
BUSINESS INTERRUPTION INDEMNITY

National Inspection Company

Incorporated 1903

This corporation reports on the underwriting aspects of heavy manufacturing and mercantile properties throughout the following states:

Michigan
Wisconsin
Minnesota
Ohio

Indiana
Illinois
Iowa
Nebraska
Missouri

Kansas
Kentucky
Tennessee
Oklahoma
West Virginia

Managed by
J. G. Hubbell

H. B. Chrissinger
176 West Adams St., Chicago, Ill.

R. L. Thiele

TAKE BOTH Local agents who write Life Insurance should read

The National Underwriter Life Insurance Edition (\$3 a year) as well as the Fire, Automobile and Casualty Section. Both on one subscription, \$5.50 a year.
SEND ORDER NOW TO A-1946 INSURANCE EXCHANGE, CHICAGO.

2, which embraces most of the contiguous suburbs to the north, west and south are 75 percent of the new area 1 rate. For area 3, which includes the counties of Lake and DuPage, the rate is 25 percent of area 1 with the proviso that no theft rate shall be lower than schedule B, which is applicable in the remainder of the state.

The new dealer's theft rate in area 1 is \$1, area 2, 75 cents, and area 3, 50 cents.

New Commercial Car Rates

For commercial cars, the new rate is \$1.25 for area 1 and 95 cents for area 2.

The first reduction in theft rates in Chicago became effective May 1, 1934, and represented an average decrease of 26 percent, then there was the cut, amounting to about 15 percent on March 15, 1935. The average total reduction is stated by the National Automobile Underwriters Association to amount to 58 percent.

Few Flood Losses Anticipated

Not Many Motorists Are Covered Except Under Comprehensive Form Approved Last Year

NEW YORK, July 17.—It will be some days before the full extent of the damage suffered under automobile fire policies as a result of the severe floods through extensive sections of New York and eastern Pennsylvania last week can be determined. Few claims have been received thus far. As a matter of fact, the waters only began receding within the past few days, and time must be allowed for the ground to harden sufficiently to permit hauling stalled cars to garages and ascertain

the character and extent of the damage suffered.

It is not anticipated the average company will have many losses. Flood damage, while covered under the comprehensive policy authorized by the National Automobile Underwriters Association, Aug. 1, 1934, has not been aggressively pushed through the afflicted region. Few motorists had the water damage rider attached to the standard policy. This endorsement, for which an extra charge of 5 cents per \$100 insurance is made, assumes liability for direct loss or damage caused by rising of navigable waters, overflow or breaking of boundaries of ponds, lakes or streams. Wide-awake company men are circularizing their agencies, pointing to the experience in New York as an example of what might occur elsewhere, indicating the desirability of complete automobile loss coverage.

May Patronize the Agent

CLEVELAND, July 17.—A local financial institution is advertising that it will permit the contract purchaser of an automobile to place his insurance with an agent of his own selection. It is advertising that it handles the financing of automobiles at less cost than the regular rates.

Indiana Expansion Planned

Branch managers and salesmen from 14 Indiana cities attended a sales conference of the Inter-Insurance Exchange of the Chicago Motor Club in Indianapolis. Plans for further expansion in Indiana were discussed. Cities represented included Huntington, Logansport, Lafayette, Anderson, Richmond, Rushville, Bloomington, Clinton, Versailles, Evansville, Fort Wayne, North Salem and Terre Haute.

MARINE INSURANCE NEWS

Report on Uniform Definition

Insurance Commissioners Committee Will Make New Attempt to Swing States Into Line

At the insurance commissioners meeting at Seattle, the committee on definition and interpretation of underwriting powers, of which Superintendent Pink of New York is chairman, held a session. J. J. Magrath of the New York department, secretary of the committee, reported that the following states had adopted the uniform definition as to the scope of marine coverage with no change: Alabama, Connecticut, Delaware, Florida, Georgia, Idaho, Louisiana, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Wyoming and District of Columbia.

Illinois, Indiana, Kentucky, Minnesota, North Dakota and South Carolina adopted the definition but with reservations as to personal property and customers' policies. Nebraska, Oklahoma, Washington and Iowa adopted it and then rescinded the action. California adopted it but with certain reservations which Mr. Magrath asserted left its position in doubt. Texas adopted a special form of its own.

There are 13 states that have taken no action. The committee will bring the subject to the attention of these states and those that rescinded their action, hoping they may be induced to fall in line.

Driver Goes to Europe

Secretary E. G. Driver of the Board of Underwriters of New York sailed for England on the S. S. Manhattan July 17. Mr. Driver is taking his car with him and expects to tour England with his wife and three daughters, returning to this country the early part of September.

Need Clearer Marine Forms

Committee of American Bar Association's Insurance Section Sees Difficulties Ahead in Line

Clearer, more carefully prepared policy forms seem to be the greatest present need in the inland marine field, the standing committee on marine and inland insurance law of the insurance law section American Bar Association reported at the annual meeting in Los Angeles this week. Existing marine forms, numbering into the hundreds, in many instances have been prepared without a degree of careful draftsmanship necessary to avoid difficult questions of construction in event of litigation, the committee stated. Clauses have been lifted bodily out of fire, automobile and casualty policies without regard to the fact that they are inadequate or even improper, at least as to verbiage, in the new policy forms in which they are incorporated.

Phraseology Important

"This is a matter which rests primarily in the business and not the legal field, though it is the insurance lawyers who ultimately have the burden of trying to persuade a court to overlook effects of draftsmanship," the committee stated. "The rule that all ambiguities are to be construed against the underwriter has been requisited in pace of many an otherwise good case. Last year certain of the section committees did valuable work in considering and suggesting improvements in certain specific policy clauses. This committee has felt, however, that nothing of similar value is to be accomplished in the inland marine field in view of its breadth and the impossibility of evolving any clause which would fit all, or even the majority of the multitudinous forms used by the inland marine underwriters."

The committee noted the interesting

although limited adoption of the principle of true multiple line underwriting in making permissible writing of the householder's comprehensive policy in Arkansas, Illinois, Indiana, Kentucky, Minnesota and North Dakota. Senate bill 2011 and house resolution 4550 in Congress, the so-called limitation of liability insurance bills designed to prevent a ship owner from limiting his liability below \$100 per ton for loss or injury to persons and \$50 per ton for loss or injury to property, were noted. The committee stated they will have an important indirect effect on marine insurance companies if passed.

Note Effect On Companies

Under the terms of the bills knowledge of the master of a vessel or superintendent or managing agent is deemed knowledge of the owner, and notice to the owner is notice to the insurer upon whom any court order shall be binding to the state to the same extent as upon the owner of the vessel. Policies must contain a provision that insolvency or bankruptcy of the owner shall not relieve the underwriter and the contract could not be canceled prior to expiration except on 30 days' notice to the owner and Secretary of Commerce, nor in any event until after the insured vessel has returned to the port from which it started.

The Bureau of Navigation & Steamboat Inspection has prepared a limitation of liability bill for introduction in Congress requiring that insurance be procured for the benefit of passengers on vessels and permitting limitation only if such insurance is obtained. G. S. Bringle is chairman of the committee.

Flood Damage Undetermined

NEW YORK, July 17.—At the present it is impossible to determine just how much damage was done to goods in transit by the floods which covered upper New York state. Freight cars and trucks are still under water and it is expected that it will be several days

before the waters will have receded from the flooded area. Inland marine underwriters in this city are of the opinion that the damage will be considerable.

Heavy Loss Is Feared

NEW YORK, July 17.—The Raritan Sun, a coastwise tanker carrying several hundred thousand gallons of petroleum, ran aground on the rocks in a dense fog the night of July 15 off Montauk Point, L. I. Underwriters will suffer a severe loss if she cannot be floated as the hull is worth \$130,000 and the cargo is of considerable value.

Commissioners Shy from U. S. Hand in Liquidation

(CONTINUED FROM PAGE 2)

different theories are invoked in the case of a single company, the result will be chaos.

There are two possible remedies, the committee stated, either uniform legislation in the various states or amendment of the federal bankruptcy law to include insurance companies.

One proposal is to make sections 77A and 77B of the bankruptcy act applicable to insurers. There is a bill now before the senate to extend the scope of 77B to title insurance companies. Inasmuch as that bill has no provision for the peculiar nature of insurance companies nor does it take account of existing state supervision, the committee expressed strong disapproval.

The committee referred to the bill prepared by former Superintendent Van Schaick of New York, which would amend the bankruptcy act to include a new chapter relating to insurers. It is designed to continue the jurisdiction of the state officials and to provide that the insurance superintendent be the statutory receiver in the federal court.

There was a joint meeting of the committee and a special committee of the insurance section of the American Bar Association, July 10, on the proposed amendment. Sentiment was in favor of uniform state legislation. The committee stated its sole concern is to strengthen existing state supervision by eliminating conditions which constitute a serious reflection upon the ability of state supervision to serve the needs of the public.

Applecart Upset at Seattle Meet

(CONTINUED FROM PAGE 1)

powerful states did not raise a hand to squelch the concerns in their own states when complaint was made. It was stated that although protests came thick and fast nothing was done. Therefore, it seemed desirable to put into office those that would use the big stick and get results.

Evidently Colonel Boney saw how the wind was blowing and withdrew as a presidential candidate. W. A. Sullivan of Washington and Ernest Palmer of Illinois were nominated. The friends of Boney undoubtedly believed that with him out of the way Palmer would have a good chance. The vote, however, was 19 for Sullivan and 14 for Palmer.

Conservatives Were Hamstrung

When the result was announced the so-called conservatives or old guard saw they were hamstrung and their fight was gone. Hence, there was no opposition to the other candidates for the chief offices. The conservatives undoubtedly gained a point in electing Pink of New York as executive committee chairman. Carpenter of California led in the vote for executive committee, he polling 30 votes. The defeated candidates for executive committee were Cochrane, Colorado, O'Malley of Missouri and Yetka of Minnesota. At the close of the balloting President

Boney introduced Commissioner Sullivan, who expressed appreciation for the election. Mr. Gough was nominated for executive committee chairman but declined to run.

The committee on examinations had before it the activity of the Louisiana department in making numerous examinations most of which seemed unnecessary and failing to recognize the convention mechanics for making examinations. The convention as a whole approved the report and authorized a committee of five to take up the matter with Louisiana in the hope of having its activities curbed. The committee consists of Read of Oklahoma, chairman; Johnson, Mississippi; Daniel, Texas; Gentry, Arkansas, and Julian, Alabama.

Swung to the Right

The National Convention of Insurance Commissioners as a body evidently is veering to the right so far as passing on increasing federal control and regulation is concerned. This sentiment came out especially in the hearings before the committee on interstate liquidations and unauthorized insurance. In case of the former, a committee from the insurance section of the American Bar Association consisting of Vice-president Lamar Hill of the America Fore fire group; Attorney F. E. Spain of the Liberty National Life of Birmingham and Counsel R. E. Hall, Aetna Life, took before the commissioners a suggestion from the section that an attempt be made to have Congress enact legislation that would deal with insurance failures in order to bring about immediate action, avoid waste and prevent ancillary receivers. The bar association committee did not favor the action, fearing that this merely invited further federal intervention. The committee was asked to deal with the insurance commissioners on the subject.

At the hearing both commissioners and company men shied at a federal petition, favoring state laws that would bring about uniformity and attempt to accomplish what was intended through federal machinery. The report of the committee presented by Superintendent Pink of New York attacked the subject strictly on state lines.

Palmer Assumed Leadership

The first pronounced expression of official opinion as to the danger of calling on the federal government for aid came at the committee hearing on interstate liquidations. Pink of New York presided and espoused the Van Schaick proposal of requiring insurance receiverships to be brought in a federal court, calling for an amendment to the federal bankruptcy act to bring this about, only by the home commissioner or two or three commissioners, the home commissioner to be the official liquidator. No one else could bring such a suit. Thus waste in receiverships would be avoided and complications over ancillary receiverships eliminated. Mr. Pink and Deputy Rollin Clark of New York spoke in favor of the project.

Allen May, vice-president General American Life, presented the legal phases in behalf of the bar association committee and Lamar Hill outlined the political and governmental situation. Ernest Palmer of Illinois at the close of the hearing pointed out the peril of running to the federal government for all sorts of help. He stated it will eventually in federal control of insurance and he deplored that end. His forceful arguments carried the house and it was agreed that the states themselves should adopt legislation of a uniform character that would bring the desired goal sought in the Van Schaick resolution.

At the meeting of the committee on unauthorized insurance and in its report the sentiment prevailed that the states should work out a program for dealing with unlicensed companies and that the Hobbs bill and other Congressional measures dealing with the use of the mails should be opposed. A number of commissioners originally favored the

(CONTINUED ON PAGE 28)

Humor is a human characteristic. It is not a characteristic of animals. The Laughing Hyena and the Laughing Jackass laugh—although what they have to laugh about we don't know. However we are convinced that neither one laughs because of an inherent sense of humor. We'll also confess to a lack of familiarity with the animals mentioned, even though we do know something about them.

In this respect we're like the hired man. "Si" asked the farmer of the hired man, "are you familiar with mules?"

"No, sir!" exclaimed Si. "I know 'em too well to get familiar." Our fieldmen have the same sort of knowledge about the insurance business. They know its hazards too well to get familiar with them. That's one reason why they're competent to advise with you.

EQUITABLE

Fire & Marine Ins. Co. of

Providence, R. I.

Cash Capital . . . \$1,000,000.00

Net Surplus . . . 3,832,750.70

Assets 6,031,368.30



AGENTS of the Twin City are well equipped to take advantage of increasing opportunities for business.

The Twin City Fire Insurance Co. gives prompt and dependable assistance in writing practically all forms of insurance needed by property owners today.

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ALL CASUALTY LINES

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Established 1899
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ADJUSTMENTS
175 W. Jackson Blvd. CHICAGO

INDIANA

Indiana Adjustment Company
Home Office, 130 E. Washington Bldg.
Indianapolis, Ind.
Fire, Cargo, Automobile, Collision, Theft,
Single Interest and Allied Coverages
Resident Adjusters at
Evansville, Fort Wayne, Gary, Indianapolis,
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Indiana Casualty Claim Service
Home Office, 130 E. Washington Bldg.
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Personal Injury, Property Damage, Compensa-
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60 Offices—Day and Night—One Hour Service
Anywhere in Indiana.

Eugene McIntire
Adjustment Co., Inc.
Automobile, Casualty, Compensation and
Surety Adjustments
Eight, East Market Street
INDIANAPOLIS

Foley Adjustment Bureau
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Specializing in automobile and casualty claims.
Immediate service northern Indiana and Southern
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Representing over one hundred companies for ten
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Equipped for investigation, adjustment and settle-
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The National Underwriter

July 18, 1935

CASUALTY AND SURETY SECTION

Page Twenty-seven

Policy Uniformity Plan Progressing

Insurance Law Section of American Bar Association Hears Reports

MEET IN LOS ANGELES

Draft of Standard Automobile Liability Policy Submitted, Important Subjects Discussed

The movement toward standardization of insurance policies for the purpose of securing uniformity in court decisions and building up a background of reliable rulings, progressed considerably at the Los Angeles annual meeting of the insurance law section of the American Bar Association this week.

The fire insurance committee recommended that consideration of preparing and submitting a uniform standard fire policy and mortgage clause be continued. The automobile insurance law committee submitted the revised draft of a standard automobile liability policy, recommending that the section's counsel thoroughly study and approve it if the form is acceptable, and also that future committees keep in mind that the policy should be periodically examined with the thought of bettering it and correcting weaknesses as they may develop.

Expected to Be Issued Soon

This committee stated that many insurance companies are expected soon to put the standard form into effect, but that the form the companies have drafted, although almost identical in many respects, varies somewhat in language from the form that the committee submitted.

The fire insurance committee report was submitted by Chairman D. W. Brown of Fitzpatrick, Brown & Davis, attorneys, Huntington, W. Va., and the automobile insurance law committee report by H. D. Brown, attorney for the Interinsurance Exchange of the Detroit Motor Club.

The problem of incendiary fires is a serious one, D. W. Brown noted, resulting in vast economic waste and necessitating higher fire insurance premiums, the loss ultimately being borne by the honest assured. The committee has offered its cooperation to the National Board in helping to alleviate this evil.

Physician-Patient Privilege

The old privilege extended physicians of not disclosing information gained in confidence should be removed, H. D. Van Duser of Rochester, N. Y., declared in a lengthy paper on "First Century of a Statutory Privilege." He urged the insurance section to approach various state legislatures with this project, arguing there is a definite responsibility resting on the American Bar

(CONTINUED ON LAST PAGE)

Study Implications of Move Against Missouri Adjusters

HOPE TO AVOID COLLISION

Some Anxiety Felt That Action Against Universal Adjustment Company May Lead to Further Disturbance

The implications of the proceedings in Missouri, under which an independent adjusting concern was forced to withdraw from the state on the ground it was illegally practicing law, are being studied by insurance people. Some anxiety is expressed that the action in this one case may encourage the lawyers in Missouri and the authorities to engage in a systematic campaign to tie the hands of the companies in handling their loss settlements and conducting negotiations.

There is not much fear that the Missouri action will serve as an example for lawyers of other states, because the Missouri law defining what constitutes the practice of law is generally believed to be the most comprehensive of any state. Accordingly, the issue will probably be localized.

Missouri Statute Given

The Missouri statute in question provides:

"The law business is hereby defined to be and is the advising or counseling for a valuable consideration of any person, firm, association or corporation to any secular law or the drawing or the procuring of or assisting in the drawing for a valuable consideration of any paper, document or instrument affecting or relating to secular rights or the doing of any act for a valuable consideration in a representative capacity, obtaining or tending to obtain or securing or tending to secure for any person, firm, association, or corporation any property or property rights whatsoever."

The Universal Adjustment & Inspection Co. of Kansas City is the concern that has decided to withdraw from the state on account of the action of the attorney general, who brought quo warranto proceedings. President A. G. Hawthorne of that concern advises clients that his company is not in financial condition to contest this procedure and so concluded to surrender its charter. All the present open claims of the company have been transferred to other adjusting offices.

It is understood that the Universal Adjustment & Inspection Co. was to have been attacked principally because of its activities in handling casualty claims. Most of the casualty companies assign their losses to lawyers and it is therefore something of an exception when a lay adjuster enters this field. Accordingly it would not be so much of a blow to most of the casualty companies if they should be required to operate through lawyers exclusively.

However, the loss work of fire insurance companies differs radically from that of casualty companies and the knowledge required is only incidentally legalistic. A knowledge of values is all important and this the ordinary lawyer does not possess.

Probably there is an element among

Find Stock People Slow to Adopt Compensation Reform

WANT IMPROVED SHOWING

Insurance Commissioners Prod the Companies to Improve the Service—Beha Gives Assurances

The workmen's compensation committee of the Insurance Commissioners Convention at its meeting in Seattle presided over by Chairman H. E. McClain of Indiana indicated it feels the stock companies are not doing as much as they should to improve conditions. However, the committee had assurances from Manager J. A. Beha of the National Bureau of Casualty & Surety Underwriters that progress was being made, further economies were being instituted and more efficient methods were being adopted.

The impression prevailed that the companies are not trying to get the full premium to which they are entitled. The devil is being beaten around the stump by classification juggling. A check was made by the National Council on Compensation Insurance on payroll audits through some state bureaus. The New York Compensation Insurance Board also made an independent audit. Outside of New York, the check showed 2.7 percent more premiums developed than the companies' auditors found. In New York the ratio ran much higher. Some companies are exceeding the expense allotment and seemingly are not doing much to improve it.

Commissioner Hunt Critical

Commissioner Hunt of Pennsylvania who was formerly in charge of adjustments for the Continental Casualty in eastern Pennsylvania, stated that the companies were not showing progress in compensation because they treated it as accommodation business to pull other desirable classes. Until compensation stands alone, he said it would get nowhere.

"Companies are not servicing risks as they should," he declared. "They should employ competent men to see that safety measures are kept to the fore at all times. The claim ratio can be materially reduced if home offices adopt a vigorous, intelligent accident prevention policy and maintain it. They treat compensation claims as a side issue. Loss notices are assigned to minor clerks while, for example, automobile notices go immediately to the higher ups. By putting into effect this more effective policy I cut down our claim ratio from 120 percent to 62½ percent."

the legal profession that feels there is much potential business among insurance companies, of which they are now deprived because laymen are performing the work. This is coupled with the economic pressure of the times, which has brought about unemployment among lawyers just as it has in other lines.

As a matter of fact, the lawyers are undoubtedly seeing the insurance pasture as much greener than it is. Most

(CONTINUED ON LAST PAGE)

Law Is Interfering with Underwriting

F. Robertson Jones of Casualty Executives Group Criticises Legislative, Court Liberality

MAKE RISK INDEFINITE

Association General Manager in Powerful Address at Bar Association's Insurance Section Gathering

Statutory and court made laws interfere seriously in a number of ways with the functioning of insurance in its broader aspects, F. Robertson Jones, general manager Association of Casualty & Surety Executives, told the Insurance Section of the American Bar Association at its annual meeting in Los Angeles this week. His criticism, he said, was directed not at isolated cases but at a widespread and growing general tendency. Insurance suffers from the practice of courts in pushing to extremes the rule of construing insurance contracts against the insurer, he said.

Companies which undertook to provide total disability benefits have met decisions rendering it costly, through a construction that the assured is entitled to draw benefits for "total disability" whenever he can get a doctor to certify that a vacation is necessary for his health.

Too Liberal Construction

Compensation insurance is being seriously disturbed by the tendency to construe laws too liberally. Mr. Jones said the majority of compensation laws cover only "injuries by accident" or "accidental injuries." When the laws were enacted these phrases were universally understood to mean "injuries caused by accident," that is, some unusual or unexpected happening, and "accident" was understood to mean a sudden happening, but courts have stretched the terms to mean that there need be nothing accidental about the cause of injury, but it is sufficient that the injury itself was accidental, or in other words the unexpected result of an intended and customary act.

Supreme courts of some states have held that under some circumstances a disease gradually contracted during many years is an accidental injury. Courts are liberal in construing the provision requiring a compensable injury to be incurred in the course of employment.

Liability Is Indefinite

"Thus," Mr. Jones commented, "the misfortunes we insure against are excessively indefinite, and are constantly being enlarged during the term of the insurance contract without the consent of the insurer. New categories are being added by judicial legislation, so that we are being called upon to provide

(CONTINUED ON PAGE 31)

Making Tour of Five Weeks To Address Summer Schools

DR. STACK NOTED AUTHORITY

Bureau Expert on Highway Safety
Greeted by Casualty Men at
Luncheons

Five weeks are being devoted to a lecture tour on highway safety at the summer schools of 21 colleges and universities by Dr. Herbert J. Stack, director of the education division of the National Bureau of Casualty & Surety Underwriters. Dr. Stack began with a talk July 8 at the normal school at Oneonta, N. Y. His lectures this week began at Ohio State University at Columbus on Monday. He is also visiting Akron, Toledo, Ypsilanti and Detroit. Next Monday he will speak at the University of Michigan at Ann Arbor and will spend three days at Chicago, speaking at the University of Chicago and Northwestern University. He will also speak at the University of Wisconsin at Madison and the University of Minnesota at Minneapolis.

Insurance men at various points are arranging noon luncheons in order to hear Dr. Stack's talk. His school lectures, being in the afternoon, leave him free for noon day talks. In Detroit he addresses the Detroit Association of Insurance Agents July 19.

In Chicago three organizations have joined to invite him to address a joint meeting at the Union League club on July 25. The luncheon will be at 12:30 and will cost \$1.25. All casualty men can attend by making reservation through Freeman C. Read, manager Globe Indemnity, and secretary of the Casualty Managers Club. The other organizations taking part in the meeting are the Casualty Engineers Club of Chicago and the Casualty Underwriters Association. A large attendance is expected.

Stone Visits Coast Agents

SAN FRANCISCO, July 17.—E. C. Stone of Boston, United States manager of the Employers Liability group, who attended the insurance commissioners' meeting at Seattle, is spending the month in San Francisco with the Jensen & Kessler general agency. He, with a representative of the firm, is visiting the prominent agents in their field.

Hall Invents New Chart

John D. Hall, co-manager of the United States Fidelity & Guaranty in Chicago, has worked out a unique chart for quickly determining burglary rates. A card in an envelope about four by nine inches shows the different rates through small opening in the envelope as the card is manipulated up and down. Complete rules and rates are printed on the card and envelope. Mr. Hall also has similar device for determining automobile liability and property damage rates.

Bouchev With Utilities

ST. LOUIS, July 17.—Herb M. Bouchev, formerly with the Iroquois Auto Underwriters of Danville, Ill., has been appointed special representative in Illinois for the Utilities of St. Louis. He will handle the entire state and will make his headquarters at 202½ East Springfield avenue, Champaign.

Plan Western Conference Meet

SAN FRANCISCO, July 17.—The Western Conference of Insurance Commissioners covering 11 western states, including the Pacific Coast and mountain territory, is planning to hold a meeting in Phoenix just prior to the mid-year meeting of the National Convention of Insurance Commissioners. J. J. Holmes, Montana, is chairman; E. A. Smith, Jr., Utah, secretary.

Applecart Upset at Seattle Meeting

(CONTINUED FROM PAGE 25)

Hobbs or similar bills but announced they had changed their minds. There was obviously increasing fear of any form of federal intervention leading to ultimate national supervision. The whole purpose is now to keep away from Washington.

Mortensen of Wisconsin in his paper on state insurance advocated that plan for public property and also praised the state life plan of Wisconsin. He contended that it is a proper function of the state to establish its own funds if the insurance can be furnished more cheaply and satisfactorily.

Palmer of Illinois boldly announced he belonged to that school of political philosophy which believes the state should not engage in any private business unless private capital and enterprise are not willing or are not capable of meeting the demand. He urged as little governmental regulation as possible. Rate regulation he declared is coming in all states and that he averred is logical. Practical common sense should be employed in these issues. Business, he contended, should not be hampered by useless rules and restrictions. In the Illinois code there was no mention of state funds.

Valuation Report Adopted

Pink of New York brought up for consideration the third time on Friday the report of the valuation committee and asked that it be adopted. Before the motion was put, President Boney read two telegrams of protest against the recommendation on municipal bonds, one by J. C. Karel, of Milwaukee, president National Fraternal Congress, and the other by E. J. Moore, secretary of the A. O. U. W. of North Dakota.

Superintendent Pink of New York, chairman of the valuation committee, first presented the report Tuesday. A motion prevailed to furnish mimeographed copies for the perusal of commissioners and hence action was deferred until Wednesday. At the close of the session, Mr. Pink brought up the report again, explaining that the committee felt the market value of municipals not in default was too high and hence a mean had been struck between market and former convention values. As for those in default he said Standard Statistics could be relied on to furnish satisfactory figures. It was nearing 12:45 p. m. and many commissioners had left for the golf tournament or other high places. Carpenter of California called attention to the exodus and prevailed on the body to postpone action until Friday.

Holmes of Montana read the report of the resolutions committee, bringing in a string of thanks to many people and as he left the platform, he said, "Thank heaven that is all." Memorials on the death of Commissioner Riley of Mississippi and former Commissioner Caldwell of Tennessee were presented by Mr. Holmes.

Col. Button Is Heard

Col. Joseph Button, secretary of the Stock Company Association, a pool formed to take care of insurance on HOLC loans where the premium is defaulted stated he had opened his office in Washington, D. C. The organization intends to comply with all the state laws and recognize resident agents. He explained it is not a reinsurance syndicate but one of joint participation. Some of the smaller companies may not be admitted to all states but Col. Button opined that the method of operation would not overstep the laws.

R. Leighton Foster of Ontario who has been attending the commissioners meetings for 11½ years and only missed three of any kind, spoke on automobile liability security laws. He said his paper is a sequel to the one he presented at the Hartford convention five years ago. He reviewed the progress made since Connecticut passed the first stat-

ute of this kind in 1925. Mr. Foster is a forceful, decisive, skilled speaker. He knew his subject well and he was perfectly at home as he touched the high lights, not attempting to read his paper which was very comprehensive.

Commissioner Knott of Florida who was assigned to discuss the paper was not present but he sent his manuscript and it was read by Superintendent Julian of Alabama.

Mauk of Texas introduced a resolution which was adopted providing for the appointment of a committee of three to recommend a plan to bring about uniformity in a short rate cancellation table for use by fire and casualty companies. He said there is no established standard and deviations here and there make a confused situation. The committee consists of Mauk, Carpenter, California, and Pink.

J. B. Easley of Washington, D. C., assistant director of mortgage loans of the Federal Housing Administration, was given the floor at one session to explain its plan and the effect of mortgage insurance. He said the collapse of mortgage lending followed the depression. Federal agencies were put into play to relieve the pressure. The FHA has sought to correct the flaws in mortgage lending. He said heretofore mortgages ran for a short term, and there were no helpful means used toward an ultimate extinguishment of the debt. The mortgage was simply renewed. The present plan is to arrange for long term amortization loans with monthly payments.

Secondary financing, he said, constituted the weakest part of the old procedure. A loan would be made not to exceed 50 or 60 percent of the value and then second or third mortgages would be purchased. This increased the carrying charges greatly. The FHA loans up to 80 percent but allows no further liens on the property.

Accurate Appraisal Program

Under the old plan, the speaker declared, there was lack of system in arriving at sound appraisals. The FHA has adopted a very accurate program in this regard.

The FHA, he averred, considers the capacity and ability of the borrower to pay. His credit and financial strength are measured.

The interest rate in the past, he held, was too high and placed too great a burden on the borrower. The FHA fixes a maximum rate of 5 percent, plus a ½ percent service charge and ½ percent for mortgage insurance. The tendency of interest rates, he contended, is definitely downward.

Severity Is Alleged

He said loaning institutions had been too severe on mortgagors. Under the FHA regime if there is any equity left after foreclosure, it goes to the borrower.

Mr. Easley feels the FHA has stabilized mortgage lending. He asserted that the debentures that can be purchased by insurance companies on FHA guaranties, even if they yield but 3 or 3½ percent, are sound and secure.

Commissioner Tobin of Tennessee, in discussing the paper of Commissioner Sullivan of Washington on "Western Insurance," dwelt on the romance of the industry in the far west and called attention to the fact that it was because of the hazards of the far away Pacific that led to the origination of marine insurance in England.

Bar Joint Liability in Canada

As chairman of the automobile standard forms committee of the Canadian Association of Superintendents of Insurance, R. L. Foster, Ontario superintendent, has notified all companies that coverage assuming joint liability of employer and employee under a privately owned car of the latter may no longer be written.

Bay State Bill to Knock Out Guest Cover Progresses

PASSES THE LOWER HOUSE

Other Recommendation of Gov. Curley
to Add 100 Auto Accident Inves-
tigators Is Defeated

BOSTON, July 17.—Governor Curley's bill to eliminate from the compulsory automobile liability insurance act the so-called guest clause was passed, to engrossment by the Massachusetts house Monday by a vote of 148 to 66.

The measure was put on the calendar to be acted upon by the senate late this afternoon. At the same time the house killed, by a vote of 70 to 20, the governor's second recommendation to add 100 inspectors to the force of the registry of motor vehicles so that immediate investigation of all accidents might be made.

The guest clause measure had once before come before the legislature and been defeated, some two weeks ago. Yesterday two amendments were tacked on the bill before its passage. One specified that the bill shall not affect any accidents which took place prior to passage of the act.

The second provides that "the rate for guest coverage eliminated hereunder shall always be under the same control, establishment and regulation by the commissioner and to the same extent as the coverage compulsorily required."

Claims were made by proponents of the measure that guest elimination claims would cut the expected increase in rates for next year from 12 percent down to four percent. The Massachusetts senate on Monday passed a measure adding 25 new inspectors to the registry department, although the new men would belong to a trucking division to be established.

Cost of Glass Replacements in Chicago Arouses Chagrin

The companies are provoked about the new rates on plate glass replacements in Chicago and at least one large eastern company's home office has asked for special data on the subject. Although there has been only a slight increase in the cost of the glass, the setting charges have advanced markedly. Because of the variety of replacements it is difficult to estimate the actual increase, but it is estimated it averages about 20 percent. Formerly in cases where two panes are broken only one and a half times the setting price was charged, but now a setting charge is made for each pane. In making replacements now, it costs about a third more for setting the glass than the cost of the glass itself. Although no definite action has been taken, there is a possibility that the insurance rates may be increased.

The reason given for the increase in plate glass replacement charges was the sales tax on the glass and the change in union rules requiring additional men on the job. This is the third increase within a year, the other two being of a more moderate nature.

Act Requires Full Coverage

BOSTON, July 17.—A bill making void any contract between an insurance company and an employer of labor in Massachusetts which does not give the full compensation coverage provided under the workmen's compensation act was signed by Governor Curley today. Opposed by insurance interests as voiding outstanding contracts and as unconstitutional the governor, in a lengthy statement, declared he had an opinion from the attorney general that the bill was constitutional.

California Department Has Golf Club on Hand

In liquidating the assets of the Federal Land Value Insurance Company, which last year went into receivership, the California department finds itself with a golf and country club on its hands with the result that "golfers of the insurance fraternity" are being invited by J. M. McKee, special deputy commissioner, to be the guests of the department for a day of golf and recreation. It is hoped this will lead to a rehabilitation of the Monterey Bay Golf & Country Club, which during the boom years was one of the show places of the Monterey Peninsula south of San Francisco.

Wisconsin Auto Liability State Fund Measure Killed

MADISON, WIS., July 17.—The senate, by a vote of 21 to 8, killed the bill sponsored by Senator Severson, which would have put Wisconsin into the automobile liability insurance business. Both stock and mutual casualty interests opposed the measure.

The senate also killed a comparative negligence bill, sponsored by Senator Severson, under which damages would be assessed against those involved in an accident who are able to pay. This was opposed by casualty companies, as a person carrying insurance who is involved in an accident would have to pay more than his share of determined liability under comparative negligence if another also partly responsible could not pay his share.

The assembly has passed a bill which would abolish nearly all general property taxes in Wisconsin and substitute about \$32,000,000 annually increased and new state taxes to support schools and roads. The bill now goes to the senate where it is considered to have no chance of concurrence. Among the new taxes proposed is one on the gross premiums of domestic casualty companies, except mutuals, and repealing the present exemption. Self-insurers also would pay the tax.

W. S. Lane Succeeds Twohig With U. S. F. & G. in Chicago

Walter S. Lane has been promoted from superintendent of the bond department to city supervisor by the United States Fidelity & Guaranty in Chicago. He succeeds James D. Twohig, who has been appointed manager of the service office in St. Paul.

Mr. Lane is 37 years old and has been with the United States Fidelity & Guaranty for 21 years, starting with the company at the home office in 1914 with the treasury division. After war service he was sent to Chicago as assistant auditor and in 1928 was transferred to the bonding division. He attended the University of Baltimore and Northwestern university.

Mann Los Angeles Chairman

Leland Mann, southern California manager Aetna Casualty, has been selected to succeed Roy G. Webb as chairman of the Casualty Association of Los Angeles for the remainder of the 1935-36 term.

Seeks to File Deviations

RICHMOND, VA., July 17.—The American Fidelity & Casualty of Richmond is applying for authority to file deviations from the rates and rules for the writing of automobile liability and property damage in Virginia. A hearing is set for July 23.

Further Reduction in the Burglary Rates Forecast

ACTION MAY SOON BE TAKEN

Cut Is Likely in Cost of 100 Percent Blanket Form in Chicago, Detroit, Kansas City

NEW YORK, July 17.—The prediction is being made by burglary department executives that reductions will soon be made in the rates for the 100 percent blanket form for private residences and apartments, flats and hotels, in Chicago, Detroit, Kansas City and the other places in which reductions were recently made in the rates for the 50 percent blanket form and for specific insurance.

Under the existing rate schedule, the cost of \$2,000 insurance on the 50 percent blanket form is just about the same or even a little less than the cost of \$1,000 insurance on the 100 percent blanket form and broader coverage is provided under the former arrangement. Accordingly, practically no burglary insurance on the 100 percent blanket form is being written these days and it is taken for granted there will be a reduction in the rates for that form.

Competitive Move

The recent rate reductions were made to compete with the limited form of policy being sold by the Ohio Casualty, Car & General, General Accident and some other non-bureau companies. Under that form coverage is limited to 10 percent of the amount of the policy on any one article of jewelry, silverware or furs.

There was a difference of opinion among bureau members on the rate reduction proposal. Some of the leaders were advocating even a steeper rate reduction than that which was made with the idea of getting burglary rates down to a point where there would be a greatly increased sale of the insurance. Another faction was in favor merely of authorizing a limited form of policy similar to that used by the non-bureau concerns. They felt that a heavy reduction in the rate for the standard form of policy would merely result in cutting down the amount of premium obtained from existing business and that much new insurance would have to be sold merely to keep the volume to its former level.

DISCUSSED BY CHICAGO CLUB

The Casualty Managers Club of Chicago, at a meeting this week, discussed the recent reductions in burglary rates. Most of the members agreed that there are inconsistencies, as between the rates on the various forms and a memorandum is to be prepared, pointing out these inconsistencies, and asking corrective action, of the National Bureau of Casualty & Surety Underwriters.

Among the inconsistencies pointed out by the Chicago Managers Club is the fact that an insured, under the new rate schedule, may purchase \$5,000 coverage under section A and \$5,000 under section B for less than the cost of purchasing \$5,000 on the blanket form.

The independent companies, which originated the \$19.80 form, which caused the bureau companies to make the recent rate reductions, have not come out with any new competitive policy. Undoubtedly the independent companies are giving the question much consideration but they have not taken any action.

Repeal Illinois Imprisonment Law

Illinois insurance men lost a potent automobile liability sales argument when Governor Horner signed the law repealing the statute permitting the imprisonment of the defendant in case a judgment in a court action alleging malice is unpaid. Over 20 states still have similar laws in effect.

New Commissioner



JAMES H. JOHNSON

James H. Johnson, the new insurance commissioner of Mississippi, is a well known local insurance agent at Clarksdale and is a prominent citizen of his state.

Cut Rate Market Is Offered

President of Georgia Agents Body Advises Members of Facilities for Writing Cotton Warehouse Bonds

NEW YORK, July 17.—Members of the Georgia Association of Insurance Agents have been advised in a circular letter from President H. J. Haas, of the threatened loss to associated surety companies of federal cotton warehousemen's bonds to a non-affiliated institution, unnamed. To meet this reputed competition Mr. Haas states arrangements have been made with another free lance company to write the bonds at \$7.50 per thousand, a reduction of 25 percent from the standard rate.

Association company managers are exercised over the action of Mr. Haas, contending the indemnity they supply is worth all charged for it.

Preferred Accident Victor

NEW YORK, July 17.—The Preferred Accident was again victor in the action brought against it by the Royal Indemnity, which claimed \$101,356 due under a reinsurance contract. The defendant company denied liability, alleging it was not made acquainted with certain material facts in connection with the reinsurance arrangement at the time it was effected. The supreme court before which trial of the case was heard nearly a year ago found for the Preferred Accident, its decision being sustained by the appellate division and more recently by the court of appeals; decision in the latter hearing was unanimous on the part of the judges, though no written opinion was handed down.

Canadian Surety Election

Thoms Bradshaw has been elected chairman of the board of the Canadian Surety of Toronto. He has been a director since early in 1913, later becoming vice-president. He is president of the North American Life Assurance and the Toronto General Trusts Corporation. J. B. Alexander, general manager of the Canadian Surety, was elected vice-president.

Robbins Assistant Manager

J. M. Robbins has been promoted to assistant manager of the Travelers' Atlanta branch, associated with Manager K. R. Webb.

Financial Responsibility Law Deemed by Many No Cure-all

SOLUTION NOT YET IN SIGHT

Company Executive Tells A. B. A. Insurance Section Uniform Policy May Be Too Broad

While it is true financial responsibility laws avoid injustice to persons injured by an automobile owned by financially irresponsible individuals, there is an increasing number of insurance men who feel that these laws do not tend to cure the situation presented by the great number of automobile accidents, injuries, and deaths under modern conditions, Adlai H. Rust, executive vice-president of the State Farm Mutual Automobile, Bloomington, Ill., told the insurance law section of the American Bar Association in its annual meeting at Los Angeles this week.

These laws have been tried in a large number of states, having as an objective removal from highways of demonstrated careless and irresponsible motorists, and may well be considered to have been beneficial, but unfortunately the extent of their enforcement has varied greatly, he said.

Compulsory insurance laws, such as in Massachusetts, magnify all of the faults inherent in the common law system of adjusting and adjudicating claims for injuries or damages. Every injured person knows insurance is involved and handles his claim accordingly. Every attorney knows if he can get judgment against a Massachusetts car owner he will be able to recover from the insurance company. If a property damage loss occurs, personal injuries are claimed in order to recover some amount in damages, property damage insurance in Massachusetts being a voluntary form.

There have been many plans of solving this problem but no satisfactory solution has as yet been found. The laws so far enacted have contributed little if any improvement in the situation and so far as insurance companies and claimants are concerned possibly have served only to aggravate it, increasing cost of insurance while not greatly increasing the probability that claimants will receive compensation for injuries.

Mr. Rust's subject was "Automobile Liability Insurance Trends." Concerted effort is being made to standardize the automobile liability form. It would be desirable to have a uniform contract and uniform interpretation of it, Mr. Rust said; however, many persons acquainted with the problem have misgivings as to whether the so-called standard uniform policy form does not unnecessarily broaden the coverage.

Vacations Delay Lloyds Treaty Ratification

NEW YORK, July 17.—The vacation schedule both in this country and in England is playing considerable part at present in delaying ratification of the reinsurance treaty between individual American companies and L o n d o n Lloyds. That the treaty was not completed earlier was due to difference in phraseology and customs of both countries.

The principal points remaining to be settled now are in the phraseology of several clauses in the treaty. Absence of American company officials and members of Lloyds due to vacations is delaying completion of this phase of the problem.

However, spokesmen for American companies declare there are no real differences between them and Lloyds and that it is merely a question of a few weeks when a treaty meeting the approval of both sides will be drawn and ratified.

WORKMEN'S COMPENSATION

Six Years' Figures Analyzed

A. R. Lawrence Presents Loss Ratio Showing in New Jersey from 1929-1934 Inclusive

A tabulation has been prepared by A. R. Lawrence, special deputy commissioner of New Jersey, showing the experience of all carriers on compensation business in that state for policy years 1929-1934 inclusive.

With a loss reserve of \$8,562,778 outstanding at the close of 1929 on accumulated claims for the preceding five years, the loss ratio was 68.27. A year later the ratio was 67.71 percent; at the close of 1931, 68.28 percent; 12 months later 68.52 percent; the same figure at the end of 1933 and 68.8 percent on Dec. 31, 1934.

From the total outstanding reserves at the end of 1929, the amount was reduced to \$2,250,232 at the close of last year. It is fair to assume in the light of the trend, checked by the returns year by year, that reserves are adequate.

Twenty-year Compensation Total Compiled in New York

NEW YORK, July 17.—The New York insurance department reports that workmen's compensation insurance premiums for all companies licensed in New York state, from July 1, 1914, to Dec. 31, 1934, inclusive (excluding the business of companies which ceased business) totaled \$836,356,993, on which losses of \$536,616,466 were sustained, a loss ratio of 64.2 percent. Of the total premiums, non-participating companies received \$554,544,380, with incurred losses of \$366,877,330, while participating carriers collected \$282,060,843, and incurred losses of \$169,739,136. In 1934 the earned premium income of all carriers on New York state business totaled \$46,818,839, with incurred losses of \$31,684,296, or 67.7 percent, stock offices receiving \$24,290,251, non-participating companies collecting \$22,528,588, with losses incurred of \$17,380,844 and \$14,303,452 respectively. Premiums earned by all carriers for the country as a whole totaled \$141,939,439 last

year, with losses incurred of \$90,443,978.

Florida Agents Will Make Compensation Rate Survey

JACKSONVILLE, FLA., July 17.—The compensation committee of the Florida Local Underwriters Association of which V. J. Armstrong, Jacksonville, is chairman, at a conference here decided to put the agency body behind a state wide survey as a basis for compensation rates. The report will be made at another session Sept. 6. The new compensation law went into effect July 1, with the present rates in effect to September. President Payne Midyette asked the directors to check up on the effect of the legislative enactments and to study a number of conditions, including the compensation situation.

TO DISCUSS FLORIDA SETUP

NEW YORK, July 17.—H. F. Richardson, secretary National Council on Compensation Insurance, has been invited to meet members of the Florida Local Underwriters Association at Tallahassee some time in September, and review the compensation rates which recently became operative in that state, following enactment of a compensation law in Florida. The National Council has established the Florida Compensation Rating Bureau at Jacksonville.

Oklahoma Fund After Business

OKLAHOMA CITY, July 17.—For the first time since its inauguration the Oklahoma state fund is going out after business, broadsides being distributed to potential prospects throughout the state.

In its two years of existence, the fund has built up assets of \$501,852, in addition to paying back to the state the \$25,000 appropriated for initial financing, the manager said.

Kill Massachusetts Fund Bill

BOSTON, July 17.—The Massachusetts legislature has again killed that hardy perennial, the state fund for workmen's compensation.

nounced by the Alliance Life of Peoria. Mr. Straus will have jurisdiction of 25 counties in southwestern Ohio, southeastern Indiana and northern Kentucky. Mr. Straus the past three and one-half years has traveled for the accident and health department of the Western & Southern Indemnity. He will also be general agent of the Mutual Casualty of Chicago, running mate of the Alliance Life.

Pushing Over-Age Form

The over-age limit accident insurance recently put on the market by London Lloyds seems to be a good seller. A. F. Shaw & Co. of Chicago report especially good sales on this form. Accident companies very generally discontinue insurance after the policyholder has reached the so-called extreme age limit. Many companies set the limit at either 60 or 65 and practically none of them will carry risks beyond age

70. The London Lloyds form, with an annual premium of \$30, pays \$5,000 for death by accident within three calendar months, with corresponding dismemberment benefits, and \$25 per week for temporary total disablement by accident up to 52 weeks. In addition, any doctor's charges incurred by the assured will be paid up to 50 percent of the total amount of the admitted claim. There are no double indemnity features. Larger amounts may be purchased at a proportionate increase in premium.

Busy On Cleveland Congress

CLEVELAND, July 17.—The Cleveland Accident & Health Insurance Club is busy on plans for a sales congress in the fall. R. B. Coffman of the Pacific Mutual is general chairman. Meetings of the committee in charge and club officers are now being held to determine dates and the place of meeting.

CHANGES IN CASUALTY FIELD

Managers Appointed by F. & C.

Delaney Named at Hartford, with Schroeder Assistant; Modlin in Charge at Minneapolis

NEW YORK, July 17.—To fill vacancies in resident managerial posts in certain important branch offices, the Fidelity & Casualty has appointed L. C. Delaney at Hartford, with E. F. Schroeder as assistant, and E. H. Modlin manager at Minneapolis. All have been associated with the F. & C. for a number of years.

Mr. Delaney has been resident manager in Minneapolis since 1920, prior to which he was with the metropolitan office of the company in this city. In 1910 he was special agent in the Milwaukee branch office, and later for a time was connected with the Pittsburgh branch. Mr. Schroeder joined the F. & C. nine years ago as special agent in Detroit. Mr. Modlin was previously assistant resident manager in St. Louis, which office he joined in 1922 as assistant underwriter, becoming special agent and, five years ago, promoted to assistant manager.

Newman Now Vice-president of Metropolitan Casualty

Announcement is made that Harold W. Newman, Jr., has been elected vice-president and general counsel of the Metropolitan Casualty. A few weeks ago Mr. Newman joined the Firemen's of Newark in the same capacity and his election as an official of the affiliated Metropolitan Casualty followed. He was born in New Orleans and educated in the schools there. He graduated from Tulane University and Harvard law school. He practiced law in New York and in 1932 joined the Reconstruction Finance Corporation in charge of the industrial loan department. At the time he joined the Firemen's organization he was assistant general counsel for the R.F.C.

Koenig to Pittsburgh

E. S. Koenig, formerly with the Newark office of the Indemnity of North America, and for the past two years manager of the claim department in Cincinnati, has been appointed superintendent of claims at the Pittsburgh office.

Piepenbrink with Great Lakes

DETROIT, July 17.—The Great Lakes Casualty has appointed E. A. Piepenbrink, Milwaukee, state agent for Wisconsin, to which the company has just been admitted. Mr. Piepenbrink will supervise the production of all casualty forms except automobile, which

the Great Lakes has decided not to write in that state, and will also act as exclusive agent for beauty parlor liability in that territory, one of the newer forms recently added by the Detroit carrier.

DeWitt Ohio Manager

E. M. DeWitt, who has been connected for many years with the National Surety at the Columbus branch office, has been appointed Ohio state manager for the American Indemnity of Galveston. Mr. DeWitt has had a long and successful experience in the casualty and surety field and has devoted approximately 16 years to Ohio. He will develop the plant the company has in Ohio and cultivate new agencies.

Reghel Moves to Grand Haven

F. B. Reghel, state manager of the Continental Casualty, has moved the western Michigan service office from Grand Rapids to Grand Haven so that it will be under the same roof as the F. B. Reghel & Co., agency. C. W. Cooper, who has been cashier of the Grand Rapids office, has moved to Grand Haven in the same capacity. To accommodate the Continental office, the quarters of the Reghel agency have been considerably enlarged. Mr. Reghel also supervised the service office in Detroit.

Vaile Washington Manager

Charles L. Vaile, who has been assistant manager in the Cleveland office of the Massachusetts Bonding, has been appointed manager at Washington, D. C., to take the place left vacant by the death recently of J. R. Lowell.

Have Trinity Universal

A news item relating to the Western & Southern Indemnity which stated that Miles & Miles, Chicago agency, had been appointed general agent in Cook county, Ill., by the General Casualty of Seattle was incorrect, W. A. Miles, head of the agency, states. The company's connection is the Trinity Universal. Miles & Miles formerly were agents of the Western & Southern Indemnity.

Drake and Degnen Resign

Charles B. Drake, assistant secretary of the Western & Southern Indemnity and Western & Southern Fire, Cincinnati, has resigned to go with one of the federal government departments in Washington. He formerly was one of the chief examiners for the federal trade commission. About 13 years ago he went to Columbus, O., where he was with the insurance department six years. He resigned to become assistant secretary of the Western & Southern Indemnity seven years ago.

T. J. Degnen has resigned as statistician of the Western & Southern In-

ACCIDENT AND HEALTH FIELD

To Hold Tri-State Convention

Mutual Benefit H. & A. Agencies in Indiana, Michigan and Ohio Join for Wawasee Meeting

A tri-state convention, with the Chicago office included, will be held next week by the Ohio, Indiana and Michigan state agencies of the Mutual Benefit Health & Accident at Lake Wawasee, Ind. In charge of the meeting, at which more than 100 salesmen will be present, are E. B. Brink, Michigan manager; John McGurk, Indiana manager; H. E. Travis, Ohio manager, and C. Truman Redfield, Chicago manager.

Dr. C. C. Criss, president of the Mutual Benefit, will head the list of speakers. Other home office executives on the program include R. H. Hawkins, chief underwriter of the Mutual Benefit; F. S. Finch, chief underwriter United Benefit Life; C. E. Forbes, assistant secretary, and Sam C. Carroll, vice-president.

N. O. Knudsen, Milwaukee manager, will hold an agency meeting for 20 representatives of the company in his territory August 8-11. Following business sessions in Milwaukee, the entire group will go to a Wisconsin lake. Mr. Haw-

kins and D. M. Brovan, superintendent of agents, will attend that meeting.

New Capital to Be \$508,200

If stockholders of the Pacific Mutual Life ratify on July 24 the proposal to reduce capital by \$4,573,800, the company will then have \$508,200 capital, instead of \$5,082,000 as at present. The present par value of the stock is \$10 and it is proposed to reduce this to \$1.

In a notice to stockholders, President G. I. Cochran states the additional surplus will be available to strengthen certain reserves if and when necessary. The stated capital after reduction, will be more than sufficient to meet the requirements of the law, he points out.

Undoubtedly referring to the non-cancellable accident and health business, Mr. Cochran states: "The purpose of your board of directors in recommending the creation of additional surplus is to amplify means to cover losses in a portion of the old business of the company which will probably prove unprofitable. Contracts of this character have been withdrawn from sale."

Straus Joins Alliance Life

Appointment of B. A. Straus as general agent in Cincinnati has been an-

demnity and Western & Southern Fire to go with International Business Machines at that company's main office in New York City. Mr. Degnen has been with the Western & Southern three years.

Standard's Topeka Appointment

The Standard Accident has appointed A. A. Rodgers Investment Company, Topeka, Kan., as general agent there. It is one of the oldest and best known agencies in Kansas.

Change in Law Firm

Announcement is made of dissolution of the law firm of Joseph, Young, Everson & Ryan through the withdrawal of Mr. Joseph, who will not engage in commercial practice for three years. The present firm, Young, Everson & Ryan, will continue in the general practice of the law in the present offices at 230 East Walnut street, Green Bay, Wis. The firm handles much litigation for insurance companies.

Dimling Quits Coast Reciprocal

Henry Dimling has resigned as vice-president and underwriting manager of the Superior Indemnity Association, Los Angeles automobile reciprocal.

PERSONALS

K. R. Owen, vice-president Standard Accident, has left Hot Springs, Ark., after a month's vacation there for an extended agency trip to the Pacific Coast before returning to the home office in Detroit.

L. H. Armstrong, San Francisco manager Travelers Indemnity, accompanied by Mrs. Armstrong and family, is spending a month's vacation at Lake Tahoe.

A. L. Willard, who has been Indianapolis general agent of the Standard Accident for 37 years, received a framed testimonial from company officers honoring him for his lengthy service.

H. G. Magargal, Jr., resident vice-president in Chicago for the Bankers Indemnity, who has been incapacitated for several months, has now taken a definite turn for the worse and little hope is held for his recovery. He has been taken to a hospital at Elgin, Ill.

Wallace J. Falvey, vice-president of the Massachusetts Bonding, has been elected a director of the American Standards Association, being nominated by the National Bureau of Casualty & Surety Underwriters.

Casualty Company Activities

Illinois Casualty Shows Gains

The semi-annual statement of the Illinois Casualty of Springfield shows assets \$500,785, increase about \$6,000. Government and tax exempt bonds amount to \$87,082 and total bonds \$254,505, mortgage loans \$83,945, home office \$56,700, other real estate \$39,780.

Loss reserve amounts to \$69,310, premium reserve \$126,908, capital \$200,000, and net surplus \$75,000 as compared with \$48,883 as of Jan. 1, 1935.

New England Premiums Shift

A shifting of premiums has taken place this year among mutual companies in New England. The Merchants Mutual Casualty of Buffalo has withdrawn from a number of New England cities and towns. Most of this business has been taken over by the Lumbermen's Mutual Casualty, which shows a 15 percent increase in business for New England during the first six months. Part of this increase is due to the shifting of premiums and part of it is due to normal activities.

Similarity in Name Confusing

Lloyds America of San Antonio points out that it is in no way connected with Lloyds Insurance Company of America, which is in receivership. Recently several New Jersey affiliates of the Lloyds Insurance Company of America were placed in receivership and the company was referred to as Lloyds of America.

Law Is Interfering with Underwriting

(CONTINUED FROM PAGE 27)

more and more pure health insurance in one direction and more and more non-occupational accident insurance in another direction, with no prospect of settled law at any point of the compass."

Compensation rates which are based on past experience always are inadequate and companies never know when their liabilities on long expired policies are determinable. The lack of finality is a major difficulty.

Hazards Often Increased

Even where there are statutory limits against stale claims and retroactive modification of decisions too clear to be construed away, there is no sure finality. In compensation, he said, it hardly matters what was the law when the policies were put in force; the companies have to insure against whatever additional liability the legislatures or courts subsequently may place on them.

A disturbing feature is inequitable provisions relating to proof of claims. Many statutes provide in effect that subject to certain qualifications imposed by courts, every compensation claim shall be presumed to be valid in the absence of substantial evidence to the contrary; that the industrial board shall not be bound by formal or technical rules of evidence, but its findings of fact shall be final and not subject to review by courts of appeal.

Extraordinary Power Abused

"That is an extraordinary power," Mr. Jones commented, "beyond any confided to any court of original jurisdiction, which it is simply tempting providence to confide to administrative officers woefully subject to political influences and often not even trained in the rudiments of law. In general it may be truly said that this power is much abused and is inviting speculative and fake claims, multiplying litigation and breeding demoralization and imposition. The aim of judicial procedure should be the ascertainment of truth, but the result of this administrative procedure is to give effect to fiction."

Benefits, he said, frequently amount to over-insurance. In theory compensation for occupational injuries is to be limited to a portion only of the wage loss, or at least never to exceed such loss, but in practice statutes commonly fix compensation at two-thirds of full time earnings except for highly paid workmen, with the consequence that when part time work only is obtainable, the disabled workman's compensation amounts to more than he could earn if not injured.

Selection of risks is a vital element in underwriting. It is necessary for insurance companies to be able to refuse undesirable risks. But in some states and in some lines the law denies that right, assigning to an insurance company an establishment unsafely operated whose risk no company is willing to accept, and compelling the company to insure it at a premium fixed by public authorities. The excuse given is that since the employer is compelled to insure compensation, the insurance company should be compelled to provide it. But in practice this results in the com-

pany being compelled to provide it at an inadequate price in lieu of the employer being compelled to clean house.

Compulsory Auto Cover

A similar situation exists in Massachusetts where automobile liability insurance is compulsory, companies being compelled to provide the insurance at rates fixed by state authority for every car owner who may apply unless the company applied to can prove to the satisfaction of a public board that the applicant is an unfit person. The result has been to double cost of insurance in some districts and desirable risks must be charged more than would be necessary if the companies could exercise selection.

Casualty Engineers Group in First Annual Tournament

The Casualty Engineers Association of Chicago will hold its first golf tournament and outing July 23 at Cog Hill course. It is planned to make this an annual event. C. B. Williams, who has given many trophies used in safety contests, has donated a fine trophy to be given permanently to the first three-time winner. Members are entitled to take guests, there being a guest prize in the tournament, provided by the Stewart, Keator, Kessberger & Lederer agency. The trophy is on display in the Insurance Exchange lobby.

Financial Stability

SURPLUS—It is rather unusual for an Insurance Company to have a Policyholders Surplus greater than its Liabilities, and Admitted Assets more than twice all Liabilities.

An Important Item — Seldom Considered.

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(CONTINUED FROM PAGE 27)

Association to bring about in cooperation with or through various state bar associations restoration to the courts of functions rightfully belonging to them and removal from jurisprudence of the truth-obscuring physician-patient privilege. The physician-patient privilege, he said, is not one found in common law, but was a statutory innovation by the New York legislature, effective Jan. 1, 1930.

The United States Supreme Court recently asked why the legislative provision should exclude evidence against a person charged with a crime if the victim was over age 16, when at common law the evidence was competent. The Supreme Court opined that bench and bar should give serious consideration to the fact that the judicial and legislative branches of government are separate and distinct, and asked why the legislature should draft a rule of evidence for the judiciary.

Total enrollment in the section now is 2,833. Chairman J. E. Coleman of the membership committee reported. Mr. Coleman is a member of Coleman & Barry of Milwaukee. He recommended that the membership committee be made one of the standard committees. The additional enrollment of 530 members up to June 1 was secured entirely by correspondence.

Discusses Policy Rescission

Rescission of policies in equity for fraud was discussed by V. J. Skutt, of Omaha, attorney Mutual Benefit Health & Accident. It would appear that the disability feature under a life contract may be rescinded apart from the life insurance feature. Authorities are uniform that where disability and life features in a policy are divisible and the incontestable clause is inapplicable to the disability feature, a rescission action as to the disability features will lie if otherwise sustainable even if the contestable period has expired. But where elements of divisibility, such as separate consideration and separate promise of indemnity do not exist, the contract is not divisible, and expiration of

the contestable period is a bar to rescission proceedings subsequent thereto.

There is remarkable uniformity of judicial thought on the subject of fire insurance, W. D. Dunifon, first assistant attorney-general of Ohio, stated in "A Summary of the Year's Fire Insurance Cases," the confusion that exists, he says, being due to the fact that some courts have departed too far from the fundamentals of insurance law.

"Much progress has been made in the past in standardizing policies and in securing to a degree uniformity of legislative enactment," he said. "The desired standardization which is so essential to both the insurance company and the assured can be substantially hastened by united action of the insurance committees of the various bar associations together with representatives of underwriters in conjunction with insurance commissioners. Without this united front it will be impossible to bring about the necessary legislation for the recodification and resulting uniformity of the insurance laws of this country."

Gives Gist on Some Points

The majority of courts hold on the question of misrepresentation that failure to inform the company of any pertinent fact relating to the risk will void the policy, the general rule being to submit the question of misrepresentation to a jury. Very few cases have been decided in the last year on the question of the assured's duty to protect property after loss. The generally accepted rule is that the owner's failure to do so under the clause as to further damage does not defeat recovery except as to such property as might have been saved by reasonable care.

The principle appears to be general that on the question of insurable interest the underwriter is entitled to have full and complete knowledge concerning the assured's interests.

Mr. Dunifon analyzed more than 200 decisions in preparing the summary, contacting 30 leading law schools. He said he was amazed to find that two-thirds of these schools make no effort to teach insurance law.

Committee Action Is Decided Upon

(CONTINUED FROM PAGE 3)

Columbia was considered, it being: "We believe it not to be the best interest of the insurance business for associations or corporations to make insurance or benefit contracts except under the supervision of departmental authority. To curb these actions in states where these concerns are not admitted and not authorized under the insurance laws, we reiterate our belief in the necessity for a federal act to deny the use of the mails to all such, and recommend to Congress that it give favorable consideration to a measure there pending, introduced by Hobbs of Alabama known as H. R. 8206 and urge its passage."

Mr. Marshall said there are two bills before Congress, the other providing that the Securities & Exchange Commission pass on unauthorized companies. He claimed that Congress will pass some measure and he considered H. R. 8206 the most desirable.

Manager A. V. Gruhn of the American Mutual Alliance opposed any action by Congress dealing with the subject. The matter, he said, had been considered by the commissioners' convention 25 times in 44 years. He claimed that there had been a wrong approach to it. He is in sympathy with what the commissioners are trying to do but the Congressional proposed rem-

edy he characterized as worse than the evil itself. The bill makes no distinction between reliable and unreliable companies. It is a mistake, he claimed, to upset the procedure of good companies that are meeting all obligations. Under the Hobbs bill London Lloyds would be precluded.

He sees a distinct inequity in the provisions. If the Hobbs bill is passed then he predicted it will be necessary to enact remedial legislation that will take away still more state powers. He declared that through a measure of this kind federal control would follow.

Mr. Gruhn advised the committee to undertake to work out a practical plan with the help of the insurance organizations and officials that will be practical and that will go far to curb fraudulent concerns. The Hobbs measure he feels will only encourage illegitimate outfits. American companies, he asserted, should be allowed to compete on an equal basis with any foreign office.

Marine Protest Is Made

Attorney A. C. Charles of the American Institute of Marine Underwriters said the marine section is inadequate. It gives London Lloyds unfair advantage. It does not reach Lloyds. The Lloyds observer did not object to the measure. The penalties imposed are too severe for slight infractions. He characterized the Hobbs bill itself as bad legislation giving unauthorized companies an advantage over regular companies.

President G. E. Humphrey of the Hercules Life and other Sears, Roebuck insurance companies asserted that the bill lessens the powers of state officials. Tobin of Tennessee characterized it as futile and inefficient. He said each commissioner should get his own legislature to pass sufficiently vigorous laws to deal with the evil. Bowen of Ohio said he originally favored the bill but had changed his mind.

Deputy Kelly of Montana came out strongly for the measure, saying it would do for insurance what the federal Securities & Exchange Commission had done for wild cat securities.

Pink of New York said his state opposed the Hobbs bill. He has two investigators now at work running down underground concerns.

Mortensen in State Fund Sales Talk

(CONTINUED FROM PAGE 3)

321 school districts and eight libraries. The loss ratio for all time has been 25.9 percent. Its assets exceed \$3,500,000, he claims, about \$1,500,000 of which is invested in high grade bonds and the balance in state farm mortgages. Premium income in 1934 was \$172,365, investment income \$94,535, losses incurred \$52,489, expense \$13,067 and increase in surplus \$229,367.

He contended it gives an opportunity for Wisconsin citizens to reduce operating budgets. He said it is a Wisconsin institution for the benefit of Wisconsin taxpayers, reduces insurance costs, invests surplus in securities, protected by the taxable assets of Wisconsin. It recently furnished the general fund with about \$800,000 for the construction of a capitol annex, and for the erection of an orthopedic hospital.

The depository fund was started in 1931 and ran into difficulties at the outset. Liabilities far in excess of assets to current income were incurred. These, he contended, are being liquidated satisfactorily through temporary borrowing from the RFC. Premium income now amounts to about \$1,200,000. He said it has been a helpful factor in subduing financial hysteria. He predicted in time it will give a favorable account of itself, as he stated the state fire fund has given.

He took issue with those who contend the state has no right to enter the insurance field. He said the state insurance fund is very much like self-insurance of private enterprises. He pointed out the federal government doesn't insure any of its property. It

entered the competitive field with its parcel post and mail insurance fund, soldiers' and sailors' life insurance fund, government employees' retirement fund and pension fund for teachers in the District of Columbia.

He said there are 28 states which either do not insure at all or carry their fire insurance in their own fund. The Wisconsin plan is compulsory as to state property and optional as to non-state property.

Wherever compensation state funds are in existence, he said, they are performing the service in a comparable way to the private companies.

Although there are no automobile fund laws, a number of bills to that effect have been considered by recent legislatures. The judiciary committee of the Wisconsin legislature has recommended such a bill. Regarding compensation and automobile insurance, he said it is not so much a question of who shall write it as to how it shall be written in order to obtain the greatest protection to the public at a reasonable cost. People usually are willing to work for the government at a lower salary than in private business. That cuts down the cost of a state fund and the absence of taxation also makes the cost lower. He said that fire, automobile and compensation will be written in state funds if and when the companies cease to service their policyholders in a satisfactory manner at reasonable rates.

Commissioner McClain of Indiana gave an inspirational address, taking a new topic, "Jewels the Giants Dropped" instead of the subject assigned. He recalled the origin of the National Convention of Insurance Commissioners in 1871. The organization, he said, has brought order and clear thinking out of chaos and has engendered a sense of responsibility and mutual dependence. He said that the insurance business owes much to the "giants" among commissioners. He mentioned Elizur Wright of Massachusetts, Folk of Tennessee, Breeze of Wisconsin, Button of Virginia, Hahn of Ohio, Barry and Livingston of Michigan, Appleton and Van Schaick of New York, Dunham of Connecticut, Olsness of North Dakota and Boney, North Carolina.

The convention, he said, has done much to break down state barriers. It has helped to advance national unity. It helped to prevent the national hopes being wrecked during the past five years. He said honesty and integrity in management are the main factors in measuring a company.

The commissioners, he said, must use common sense. They should not try to reform the world. They should undertake to protect the business from unwarranted and vicious attacks by reformers and those who do not understand the fundamentals. He urged the companies to use great care in selection of agents, saying that the improper type of representative is a menace to the business.

Study Implications of Move Against Missouri Adjusters

(CONTINUED FROM PAGE 27)

of the claim work of the casualty companies is now handled by lawyers and most of the adjustments in the fire insurance field, lawyers are not competent to handle. Where there is any real legal work to be done in the fire insurance business, the legal talent is called upon.

The insurance people regret that the issue has been raised and they hope that it will not develop into a major collision that would necessitate a test of the constitutionality of the Missouri law.

Bank Attacks Reported

In the first six months of 1935 there were 152 bank attacks in 35 states, according to compilation of the O. B. McClintock Company of Minneapolis. In June there were 13 attacks on banks in 13 different states.



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